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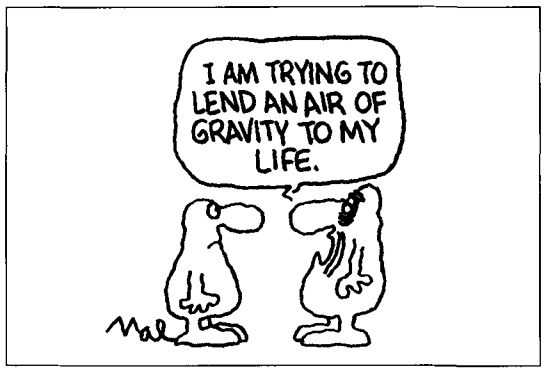

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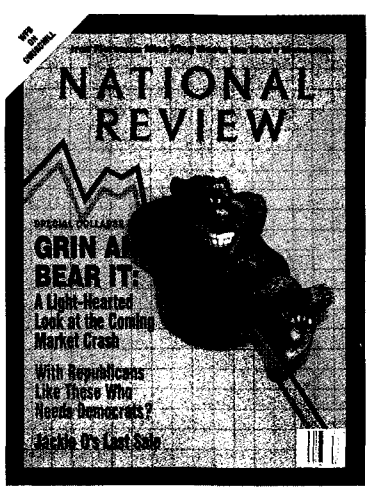
NATIONAL REVIEW
GRIN A
BEAR IT:
A Light-Hearted Look at the Coming Market Crash
With Republicans Like These Who Needs Democrats?
Inside: It's Last Solo

Cover illustration by Ken Westphal

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RATES: $57.00 a year (25 issues). Add $21.50 for Canada and other foreign subscriptions, per year. (All payments in U.S. currency.) The editors cannot be responsible for unsolicited manuscripts unless return postage or, better, a stamped self-addressed envelope is enclosed. Opinions expressed in signed articles do not necessarily represent the views of the editors.

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LETTERS

True Americans

"What is an American?" asks Jeffrey Hart [April 22]. Examples of his answer should not have been limited to the East Coast and Hollywood, but should have included flyover country, for real Americans unaffected by concerns of gentility: Abraham Lincoln, Henry Ford, Dwight D. Eisenhower, and Ronald Reagan, not to mention Rush Limbaugh.

Richard Carroll
Naperville, Ill.

The GOP's Dimly Lit Path

I commend you for Ramesh Ponnuru's excellent "Reagan's Spoiled Children" [May 6]. Admitting my biases as a former member of the Gramm campaign, I think Mr. Ponnuru is a bit harsh to lay "a good portion of the blame" at Gramm's feet. He implies that Gramm took Washington conservatives for granted because he believed he was the inevitable candidate.

Perhaps, but—rightly or wrongly—Gramm assumed conservatives would know the genuine article when they saw it and that he didn't need to seduce them.

I will avoid the temptation to name the numerous conservative leaders who flatly turned down the campaign's entreaties, some from Gramm himself, to get more actively involved. Rather early on, in the spring of 1995, one of those self-proclaimed conservative leaders was even offered a full-time position at the campaign. He turned it down in favor of spending the next several months touting in print the merits and electability of virtually every other individual in the race, and several who were not.

This is not to deny the mistakes the campaign made. The great paradox of the Gramm campaign, though, was that Gramm was more driven by the power of ideas than personalities, while the Great Thinkers of Beltway conservatism—drunk with arrogance from the 1994 elections—had allowed ideas to take a back seat. The result being that after Gramm's withdrawal, Dole spent several weeks pretending to be conservative, while conservatives pretended to believe him.

Now the Republican path to the White House is lit not by one of the party's most brilliant philosophical lights, but by one of its dimmest. Spoiled children, indeed!

Larry Di Rita
Washington, D.C.

God and Science

I must take issue with Patrick Glynn's "Beyond the Death of God" [May 6], the more so because I am sympathetic to its premise. As Glynn recognizes, the Anthropic Principle is of no value unless it actually suggests something about the fundamental nature of the universe. Glynn argues that it suggests a shift in the "burden of proof," that the manifold coincidences are more plausibly suggestive of an Anthropic god than of a hypothetical series of parallel universes.

But reasoning from our human understanding of the nature of coincidences is, I submit, a false extension. Humans attempting to understand the nature of the creation of the universe are not analogous to a detective attempting to understand the occurrence of a crime. The detective looks for a human hand behind a series of mysterious coincidences connected to a crime precisely because his past experience informs his analysis and causes him to presume that a human factor lies behind them. He rightly places the burden of proof against coincidences, because his experience is that such coincidences are less common than the hand of a human criminal actor.

In the creation of universes we have no past experiences on which to rely. One cannot reason from effects (e.g., the unique values of Planck's constant and the gravitational constant) to causes unless one either has established the causative mechanism (something no cosmologist purports to have done) or, as in the case of a detective, has an experiential background in similar effects from which to reason by analogy. Without the ground of experience, the reasoning from effects to cause cannot be sustained.

I wish it were otherwise, as my own faith would welcome some scientific confirmation. But I am afraid I must continue to say with Kant that the existence of God lies beyond science and reason.

Paul S. Rosenzweig
Washington, D.C.

In Mr. Rosenzweig's formulation, the most ordered and intricate imaginable "effect," i.e., the universe itself, becomes the only *one in our experience that we must presume to be* uncaused. *That conclusion finds support not in logic or experience, but only in the oddly contorted assumptions of the modernist mind-set.* —PG

Immigration Chains

NR does not deal with the actual political situation regarding opposition to immigration "reform" ["Immigration Pause," April 22]. A large number of immigrants come to America by the chain method. They tend to get U.S. citizenship and vote as soon as possible. Thus, almost every single congressman has a sizable number of constituents who are recent immigrants, want to bring in their relatives, and constitute a significant pressure group.

The big-businessmen who have argued for more immigration are less important. If we eliminated the chain migration of relatives, we could let in more skilled immigrants and still get a large reduction in total immigration.

Gordon Tullock
University of Arizona
Tucson, Ariz.

Body and Soul

While you may have brought the assisted suicide debate to a close ["The Week," April 8], your broader claim that rights may not be exercised in self-defeating ways deserves further examination. For instance, you state that one may not sell oneself into slavery. To some extent, isn't that what a person does when he joins the army (certainly self-defeating if he is killed in war)? Are enlistment contracts void?

You likewise deny the right to "maim one's body." What? A person doesn't have the right to pierce his ears? Since your limitations are meaningless without an enforcement mechanism, the implications of the state banning self-defeating activities also bear examination. The right to determine how something may be used is an essential incident of the right to property. So, if the state may dictate whether and on what terms we may use ourselves, the sum of it is that the state owns us.

John Braden
Fremont, Mich.

Strategic Voting

Richard M. Langworth ["Letters," April 22] justifies a vote for Clinton as a strategic vote: "Four more years of him will guarantee *another* Republican revolution." But, if Clinton can be re-elected now, it will be because he has stymied the Republican-controlled Congress and succeeded in blaming Congress for the lack of action. What's to prevent him from doing the same for four more years? There is a better strategy. Remove Dole from the legislative role and elect him President. Surely Langworth would not expect a President Dole to veto bills sent to him by a Republican Congress as readily as Clinton has.

Philip L. Zuvanich
Montgomery, Tex.

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FROM THE EDITOR

A Nation Divided?

■ Lately, the media have been telling us that the voters are "divided over immigration." Since every poll for about thirty years has shown that roughly two-thirds of voters want less immigration, and only about 10 per cent want more, "divided" is definitely not the *mot juste*.

How do they reach this conclusion? Simple: the pollsters ask the voters if they want no immigration at all, or if they would welcome *some* immigrants.

But no public figure or body associated with the restrictionist cause advocates a halt to *all* immigration. Not Sen. Alan Simpson, not Rep. Lamar Smith, not Pat Buchanan, not *NR*'s Peter Brimelow of *Alien Nation* fame, not the Federation on American Immigration Reform. They all advocate either modest reductions in legal immigration totals or a *temporary* moratorium while recent arrivals are assimilated.

So the question, one may reasonably surmise, was designed to produce a lopsided majority in favor of continuing high immigration.

"The best laid schemes o' mice an' men gang aft a-gley." No fewer than 40 per cent of voters tick the "no immigration" box. Indeed, among currently fashionable *women* voters, the figure rises to over 50 per cent. Cutting immigration, it turns out, would help Republicans to bridge the gender gap.

Such a connection is definitely not on the media's agenda—nor, alas, on the GOP's. Hence the term "divided over immigration," which neatly obscures the reality that some want no immigration, others want some immigration, but most want less immigration.

■ Nonetheless, both the Senate and the House have rejected reform of legal immigration—a victory for immigration enthusiasts but a Pyrrhic one.

It was won in part by the Administration's assurance that legal immigration was declining when in fact it is rising sharply. As the truth emerges (see "The Week"), public pressure for another attempt at reform will grow.

This time, many congressmen thought they were defending an American tradition of open immigration. Wrong on two counts: we don't have open immigration but a highly regulated system which grants a right of immigration to an arbitrary group of foreigners—the extended families of recent immigrants—and open immigration isn't an American tradition anyway.

Roy Beck's recent book, *The Case Against Immigration* (Norton), a detailed history of the real American tradition, establishes that Americans have always sought *assimilable* levels of immigration. Hence, when immigration numbers surged, they sought restrictions.

Between 1925 and 1965, for instance, annual admissions averaged 178,000. Yet, as Mr. Beck points out, "that period proved to be the best one in U.S. history for building an American middle class. It also was the only period when black Americans enjoyed steady and significant economic progress."

■ Real history cuts little ice with immigration enthusiasts, who cite John Winthrop's eloquent picture of a "shining city on a hill" as if he were a Cato policy wonk advocating open borders.

In fact, Winthrop was a restrictionist. Here he is in 1637:

"6. If strangers have a right to our houses or lands etc., then it is either of justice or of mercy; if of justice let them plead it and we shall know what to answer; but if it be only in the way of mercy . . . then I answer first that a man is not a fit object of mercy except he be in misery. Second, we are not bound to exercise mercy to others at the ruin of ourselves. . . .

"7. A family is a little commonwealth, and a commonwealth is a great family. Now as a family is not bound to entertain all comers, not every good man (otherwise than by hospitality), no more is a commonwealth."

A tough-minded argument; but building a shining city to last is a tough-minded project. —JOHN O'SULLIVAN

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May 20 issue; printed May 1

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World Wide Web http://www.nationalreview.com
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FOR THE RECORD

■ High-profile Republicans who had backed other candidates in primaries not exactly rallying around **Bob Dole** now. **Bill Bennett** calls Dole campaign "incoherent and dispassionate." *Weekly Standard* editor **Bill Kristol** advises: "The challenge for Republicans and conservatives is to prevent a Dole defeat from derailing the ongoing Republican realignment." . . . Columnist **Robert Novak** calls Dole's mid-April performance on *Face the Nation* "the worst single television interview since **Teddy Kennedy**'s 1979 encounter with **Roger Mudd**." . . . **Bill Clinton**'s lead is comparable to **Ronald Reagan**'s in 1984, according to Pew Research: "large, consistent, and trending upward." . . . After Dole says people would rather leave their children with him than with Clinton, *Washington Post* survey finds 52 per cent of people would entrust their kids to Clinton, just 27 per cent to Dole. . . . Dole bites back at critics: "All these people who've had second doubts will probably try to get tickets to the inaugural, and we'll try to accommodate them." . . . Consensus grows that Dole should relinquish his position as Majority Leader. *Baltimore Sun* columnists **Jack Germond** and **Jules Witcover** doubt it will happen: "Would Mr. Dole sleep better on the campaign trail knowing Messrs. **Lott** and **Gingrich** were in charge of the congressional store?" . . . Would the right running-mate help? Some Republicans float **Jeane Kirkpatrick**'s name, especially if foreign policy flares up as issue. *American Spectator* editor **Bob Tyrrell** suggests **Dick Lugar**. Michigan poll shows Gov. **John Engler** would hardly help Dole in Michigan itself. Engler, meanwhile, has enlisted former aide to handle all the press inquiries about possible personal scandals. . . . **Dan Quayle** says Dole camp should offer **Pat Buchanan** slot of 4 P.M. Tuesday at GOP convention: "There's a lot of viewers in England at that time." . . . Former **Ross Perot** running-mate Adm. **James Stockdale** endorses Dole.

■ Clinton still feels fallout from partial-birth abortion veto, especially among Irish organizations he had been courting. Irish fraternal organization Ancient Order of Hibernians revokes invitation to President Clinton to speak at July convention. Clinton Vatican Ambassador **Ray Flynn** joins in Church's criticism of partial-birth veto, in remarkable breach of protocol. . . . Irish National Caucus, meanwhile, scores Clinton for "flip-flopping" on his support for **MacBride** principles, mandating affirmative-action policies for Catholics in Northern Ireland. . . . **George Voinovich**'s chief of staff is working with Republican National Committee to formulate strategy for winning Catholic vote in Ohio and 11 other states. . . . Clinton is quoted in new book by **David Broder** & **Haynes Johnson** as admitting that his approach to health care was badly flawed: "This is entirely my mistake. No one else's. I probably made a mistake in not then going for a multiyear strategy." . . . **Al Gore** aides, with eyes on presidential bid by their boss, working to head off **Dick Gephardt** run for President in 2000.

■ As pundits begin to talk about the possibility of Republicans losing the House, latest *American Viewpoint* poll has Republicans pulling even in generic House ballot with Democrats, 45–45. . . . Newt Gingrich warns he may have a tough battle in his own district with millionaire cookie executive **Michael Coles**: "Any time you've got a millionaire who says he'll spend $3 million, you've got a real race." . . . Sen. **Al D'Amato**'s public support is so low he would lose even to **Mario Cuomo** in 1998 New York Senate race, according to one poll. . . . Freshman Rep. **Wes Cooley** (R., Ore.) falls hard for April Fool's edition of Capitol newspaper *Roll Call*, repeating some of its fabricated stories in speech to timber executives. Asked about the speech afterwards, he threatens to punch a pregnant reporter in the nose. . . . Polls have former Rep. **Geraldine Ferraro** (D., N.Y.) unseating New York Mayor **Rudolph Giuliani**.

"Must I interpret every *wise thing I say?"*

■ Former Soviet Pres. **Mikhail Gorbachev** said man who struck him in the head in mid April was a professional assassin who missed. Crowds in St. Petersburg and Omsk heckled his campaign speeches, blaming him for dissolution of Soviet Union. . . . Gen. **Aleksandr Lebed**, Afghanistan hero with no announced program, is trying to merge his candidacy with two or three other minor candidates for Russian presidency. . . . Announcing she won't serve a second Clinton Administration in Paris, Ambassador **Pamela Harriman** says, "It's been nice, but there is a limit to how long you can live a public life." . . . French critic lambastes **Noah Ben Ari**, granddaughter of assassinated Israeli Prime Minister **Yitzakh Rabin**, knocking her $1-million-advance book as shallow, lifeless, and something which "wrecks the memory with which she left the world at the funeral." . . . Said to be world's richest woman, Queen **Elizabeth II** is forced to dip into her personal capital to cover $3 million in payments to **Diana**, estranged wife of Prince **Charles**, and **Sarah**, former wife of Prince **Andrew**. Diana is reported to be demanding final settlement of $10 to $15 million. . . . King **Norodom Sihanouk**, 73, on a state visit to France, said Khmer Rouge leader **Pol Pot**, generally regarded as responsible for Cambodia's "killing fields," would die soon. "I suppose the Khmer Rouge movement would disappear if Pol Pot disappears."

■ Freedom Forum poll finds that 89 per cent of surveyed Washington journalists voted for Clinton in 1992. Says Gingrich: "If they truly believe in affirmative action, every news organization should do nothing but hire conservative Republicans." . . . **George Stephanopoulos** explains to *Time* magazine that for President Clinton: "Words *are* actions."

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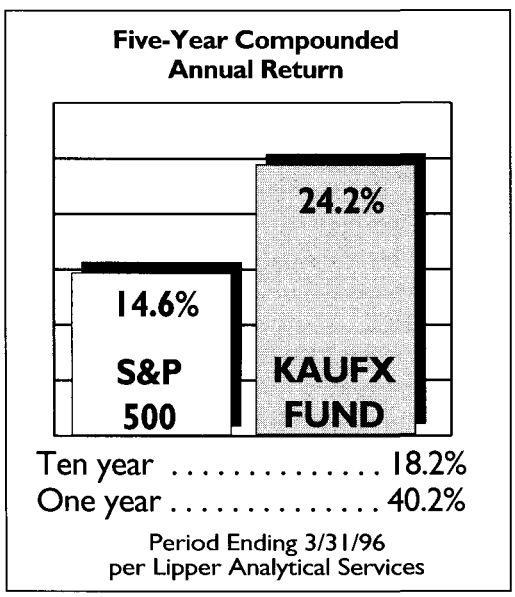

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THE WEEK

■ Bernhard Goetz has been ordered to pay $43 million to his mugger. The jury wanted to send a strong message that mugging with a fancy lawyer in court is eight million times more profitable than doing it with a sharpened screwdriver on the subway.

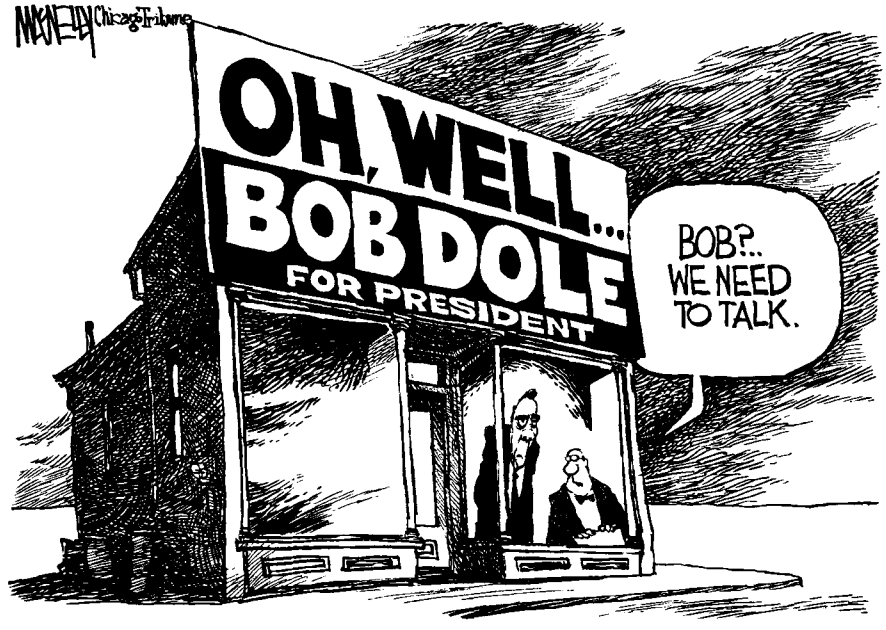
■ The ease with which Newt Gingrich, Bob Dole, and their troops buckled under pressure on the minimum wage betokens an emptiness at the center of the Republican Congressional agenda. For nearly two years the GOP has neglected the pocketbook concerns of average voters, talking instead about budget-balancing and Medicare-fixing that by some time in the next century might have reduced long-term interest rates enough to make it easier to re-finance your mortgage while the Medicare Trust Fund inches its way back into solvency—according to the latest CBO Trust Fund report, of course. No wonder the minimum wage seems like a vivid issue by comparison. Meanwhile, on other economic issues, House Majority Leader Dick Armey is on the right track with a package—now endorsed by Gingrich—that is likely to include the $500-per-child tax credit (the GOP's lone recent stab at serious middle-class tax relief) and other measures to get the government's hands off people's take-home pay. Gingrich and Dole are on the right track, too, with their call for a repeal of Clinton's gas-tax increase. But as long as Republicans are tame about taxes Clinton will co-opt them; he already has his own package of tax credits and is making favorable noises about a gas-tax repeal. The GOP can reach for bolder stuff—actual cuts in tax rates—or run on empty all the way to November.

■ Boris Yeltsin let the cat out of the bag in a Kremlin news conference on April 21, with his running-mate Bill Clinton standing beside him. The issue was NATO enlargement. Beaming with pleasure, Yeltsin said it was not being pushed right now, that the delay was "at our request," and that his friend Bill had "promised this." Moreover, no new members were going to get into NATO without Russia's agreement, or without changes in the nature of NATO itself. Clinton squirmed, and tried to claim in response that nothing in U.S. policy had changed. That, indeed, is the problem. When *NR* Senior Editor Peter Rodman wrote last year ("On the Scene," December 25) that the Administration had assured Moscow that NATO enlargement wasn't going to happen any time soon, the official denials were hot and heavy. Apparently, no one told Boris—then or now.

■ Only 10 per cent of the nation's newspaper editors, according to a recent poll, think that President Clinton has "a clear foreign policy"; a whopping 83 per cent think he just "reacts to foreign events." Nevertheless, 64 per cent of the editors approve of the foreign-policy job Clinton is doing. By a margin of 42–34, they think Bob Dole would do an even better job, which may mean, extrapolating from their Clinton answers, that they think his foreign policy would be even less clear.

■ Oops. That wasn't supposed to happen. At least not yet. Medicare's Hospital Insurance Trust Fund is already spending more than it takes in—$4.2 billion more in the first half of the fiscal year. Only last April the Administration had predicted a surplus. Those of you who pay (and pay, and pay, and pay) the Medicare tax are entitled to an explanation. Unfortunately, no one has come up with one: "Hospital admissions of Medicare patients are rising more than can be explained by the number of beneficiaries . . ." is the best a spokesman for the American Hospital Association can do. Both parties agree on the need for cuts. The hang-up is over philosophy. The Administration's plan calls for the same top-down price controls that have failed Medicare for thirty years, while Republicans want to give beneficiaries a choice between the current system, and a combination of private, high-deductible insurance, paid for by the government, and Medical Savings Accounts to help cover out-of-pocket expenses. Meanwhile, if we bumble along as at present, the Trust Fund will probably deplete its balance before the 2002 date usually forecast for that unpleasant event. And then the baby boomers start retiring.

■ Labor Secretary Robert Reich recently credited the



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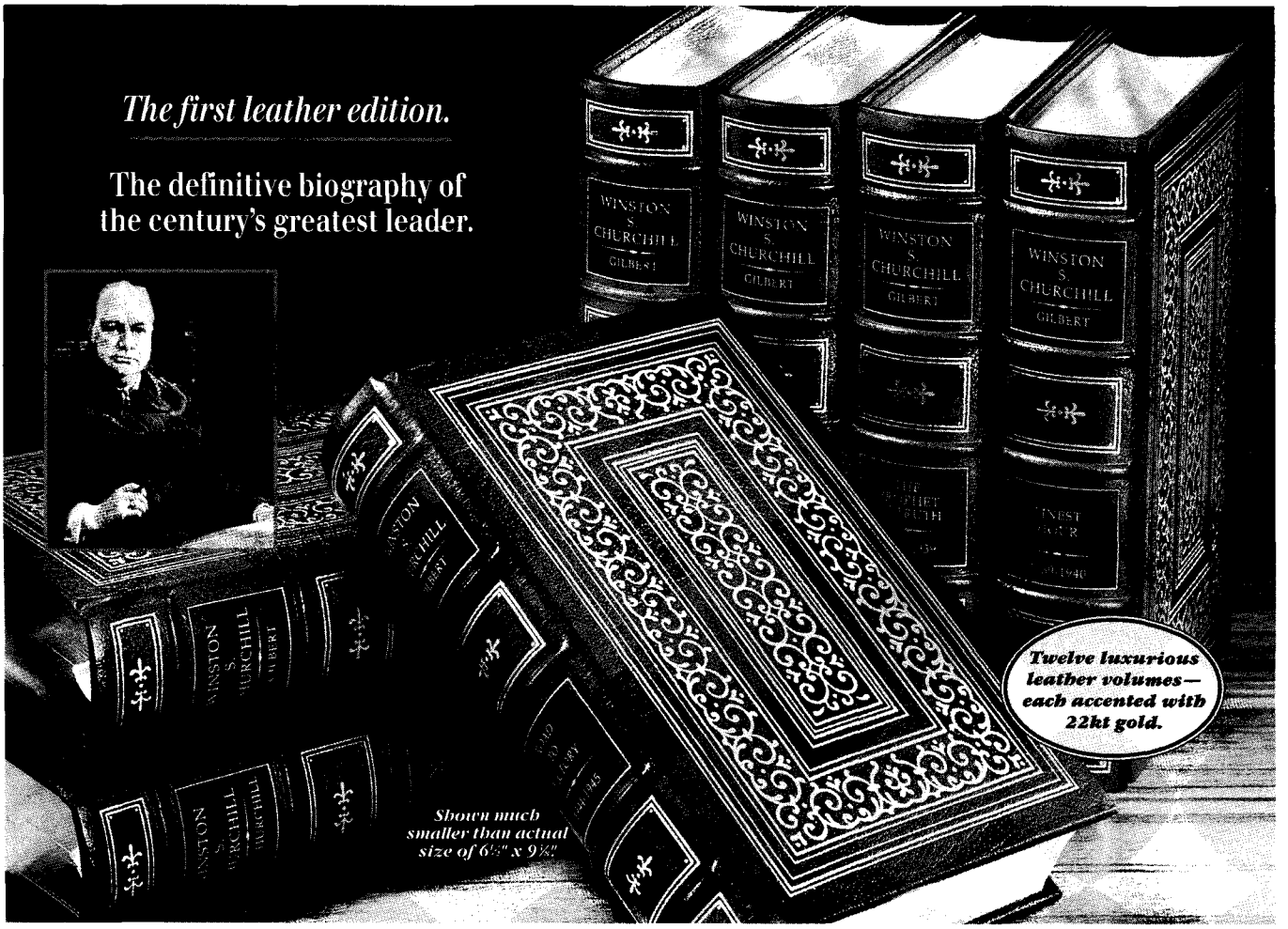
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Occupational Safety and Health Administration (OSHA) with the decline in national workplace fatalities that has occurred since it was created in 1970. But two economists, Thomas J. Kniesner and John D. Leeth, in the latest issue of the Cato Institute journal *Regulation*, say that Reich is like the doctor who claims to have cured you when in fact you were recovering by yourself before he first saw you. Workplace accidents were declining just as steadily in the decades before OSHA went to work as since. "It is hard to conclude," say Kniesner and Leeth, "that OSHA passes even the minimum criterion for the establishment of any government program, namely, Is it effective?" (One quibble for the economists: Since when was *that* a criterion for establishing government programs?)

■ When Joe Conason of the *New York Observer*, a left-liberal, defended the Clintons on Whitewater, Alexander Cockburn of the *New York Press*, a Stalinist who despises liberals, wrote that Conason "huffs and puffs like an elderly walrus." Conason called Cockburn "incompetent and dishonest" and a purveyor of "lying bulls—," Cockburn called Conason a "hack Democratic apologist for a couple of sleazeballs" and a "scream[ing] child," and so the two-party system came to New York journalism.

■ When you raise the price of a good or service, the demand for it goes down. This, in a nutshell, is why most economists think that raising the minimum wage is a bad idea. It is estimated that a 90-cent increase (to $5.15 per hour) would eliminate 200,000 entry-level jobs by 1999. David McIntosh, a leading House freshman from Indiana, has a better idea for helping low-income workers. He would allow minimum-wage-earning taxpayers to keep the federal taxes currently withheld from their paychecks. Employers would not see any increase in the cost of labor under the McIntosh plan, and so the demand for low-skilled labor would not fall. Low-income families would enjoy higher after-tax income than under the proposed minimum wage. Preliminary estimates put the cost of this tax cut at $8 to $10 billion annually—equal to about 10 per cent of next year's welfare spending. The resulting tighter welfare system will increase the number of the disadvantaged looking for work; the McIntosh tax cut will make it easier for employers to hire them.

■ When Darrell Cabey teamed up with some other toughs to bully five dollars out of Bernhard Goetz, he never could have imagined the heist would eventually earn him $43 million in a civil suit. But thanks to his radical attorney, a Bronx jury, and an inept defense, Cabey is nominally America's most successful mugger. Think what you will about Goetz's culpability (he may have fired more bullets at the men preying on him than necessary), that decision belonged to the criminal court, which acquitted him of all serious charges. The question of whether Cabey deserved indemnification for the injury he sustained is easy. The law prohibits felons from profiting from their crimes; Cabey was out to rob. Even if Goetz had thrown a grenade at Cabey, he wouldn't be entitled to a penny. To a criminal, gunshot wounds are an occupational hazard, like housemaid's knee. Fortunately, Goetz happens to be penniless, so Cabey will end up getting what he deserves—once again.

■ Mike Tyson is back in trouble for trying to force his attentions on a young lady, and once again we are reminded of the need for midnight basketball.

■ François Mitterrand admitted posthumously in his memoirs that the purpose of European integration was to "obtain independence from America." No surprise here: Mitterrand declared years ago that he preferred countries you could reach by land—which evidently meant that he liked the Soviet Union more than the United States. Although Mitterrand's attitude to NATO was sounder than that of his predecessors, he still believed Europe to be an entity with values distinct from, and threatened by, those of the Atlantic Community. American policymakers will blunder if they continue to think that all forms of European integration are necessarily in America's interest. As a senior German politician explained with candor last month, a European defense identity—an idea Mitterrand long advocated precisely because it implies a reduced American component—was a way of reassuring (i.e., appeasing) Moscow. He added that Russia should belong to a pan-European security structure, simply because Russia was "in Europe," while the American presence was optional. Anyone who thinks that way is guaranteed to repeat some unpleasant European history.

■ As reported in *New York* magazine, some black students at Columbia Law School set out to do something about the problem of racist cab drivers: after videotaping cabbies who refused to pick them up, they would report the drivers to the city for $500 fines. However, the sting did not work as planned. When one student wore a Columbia sweatshirt, every cab picked him up and agreed to take him to whatever destination he named, even to the

Monkey Business

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A second, both his ears.
The third knots up his vocal cords
Whenever danger nears.
The President, confronting
Thugs slipped in from Iran,
Decided not to ask or tell,
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—W. H. VON DREELE

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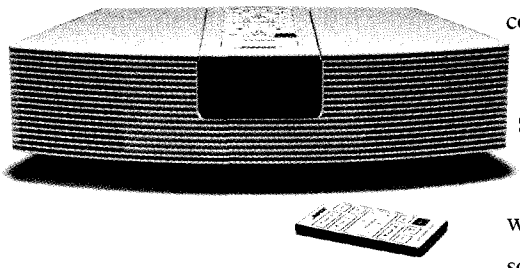

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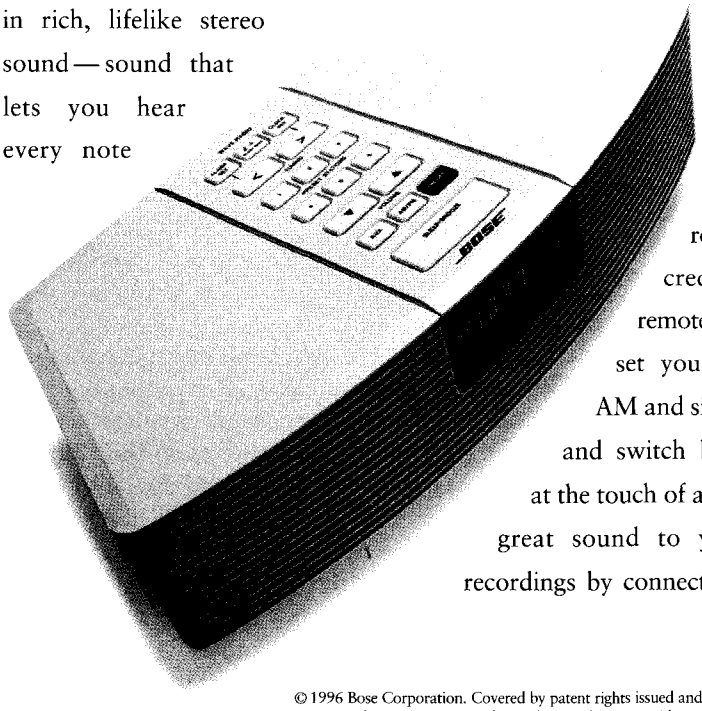

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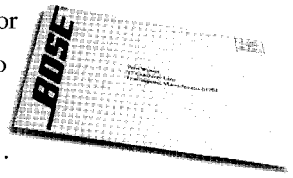

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heart of Harlem. However, when he was joined by a classmate in a dark hat and lumberjack shirt, 14 out of 15 cabs zoomed past. Two conclusions: 1) Cab drivers don't mind picking up blacks *per se*. 2) Cab drivers *do* mind picking up young men dressed according to the sartorial standards of criminals. And for many youngish black men in New York, including law-abiding ones, it is the height of fashion to dress like a thug: low-slung jeans, hooded sweatshirts, etc. Giving new meaning to the phrase "fashion victim," taxi drivers figure that you are what you wear. The minute the real criminals figure this out and start wearing Ivy League athletic clothes, it will become impossible to drive a cab in New York.

■ Fox News has entered the Sunday-morning TV competition with a news/interview show of its own. Official Washington was wary, given the conservative field markings—Roger Ailes heads the Fox news division, and Tony Snow, the show's host, was an editor at the *Washington Times* and a Bush speechwriter. But the first show on April 28 corralled a bipartisan line-up of Dick Gephardt, Pat Moynihan, John Kasich, Linda Chavez, and Robert Shrum, along with top Israeli official Uri Savir. The show was fair and lively, an auspicious debut. Good sailing.

■ Not everyone at NATIONAL REVIEW is as bearish as John Dizard of our Gekko column. In fact, *NR*'s president, Dusty Rhodes, has entered into a small wager with Mr. Dizard. He contends that the S&P 500 Index (reinvestment of dividends included) will outperform Mr. Dizard's choice—gold bullion as measured by the Comex Spot—over the following period:

	4/29/96	12/31/97
Comex Spot	$392.40	?
S&P 500 Index	$654.16	?

The winner will receive the usual bottle of bubbly.

■ Residents of a retirement community in Lady Lake, Florida, were told to stop flying the Stars and Stripes outside their villas because, according to the management, the flag might offend some people in the multinational community. But they live in a *uninational* nation—the United States of America, also known once upon a time as the land of the free.

Mr. Starr, Do Your Dirty

If it's to be the calaboose,
Be pitiless as Father Zeus.
Look leaden-eyed as sharks before
They peer about, half full, for more,
Or, like the eagle, hurtle down
With all claws out and go to town!
The clock is ticking, Mr. Starr,
So don't rest on the handlebar.

—W. H. VON DREELE

The Event: NATIONAL REVIEW debates *The Nation*. The topic: "Resolved: Affirmative Action Should Be Abolished." For the affirmative: Dinesh D'Souza and Kate Walsh O'Beirne. For the negative: Christopher Hitchens and Patricia Williams. When: May 14, 8:00 P.M. Where: Town Hall, 123 W. 43rd St., New York City. To order tickets call 212-679-7330 (ext. 233).

The Next Mission

THE current funk among Republicans about the Bob Dole campaign was in some ways inevitable. Dole won the Republican nomination mostly through inertia: the accumulated momentum of thirty years in public office, three national campaigns, and the chits, organizational advantages, and establishment support that come with it. So when he emerged from Florida tanned and rested it should have been no surprise that his campaign was still as ideologically unfocused as it seemed the day after New Hampshire.

Meanwhile Dole, nomination in hand, has comfortably ensconced himself in the Senate, cultivating an approach to politics exactly the opposite of what he needs to win in the 1990s. He instinctively finesses philosophical divides and blurs policy differences to make deals. He has to shake this Senate habit, and in the last few weeks it has become clear that, as one might have expected, the floor of the Senate is the last place to do so.

He will continue to think and talk like a Senate Majority Leader as long as he is one. He will continue to get caught in webs of maneuvering (witness his trouble on the minimum wage). Two other factors make it imperative for Dole to get out of Washington: a) Senate Democrats solidly united behind an agenda of embarrassing and obstructing him; b) Senate Republicans who don't have the guts to protect their leader. That Democrats have already engaged in more filibusters than in each of the last two Congresses is understandable. That Kansas Republican Nancy Kassebaum should abandon Dole on a politically crucial vote on MSAs is not. Dole must escape.

He must hit the campaign trail, engaging in the very un-Majority-Leader-like business of accentuating partisan differences. In fairness, Dole has been dealt a difficult hand. As detailed elsewhere in this issue, Bill Clinton has managed, thanks to his own savvy and to the short-sightedness of congressional Republicans, to blunt the effectiveness of three premier Republican issues: taxes, crime, and welfare. Even on the balanced budget—to which Republicans have sacrificed so much—the President has immunized himself. Reclaiming these issues will require concentrated spadework, especially in the face of the Clinton campaign's Reaganesque TV ads on crime and

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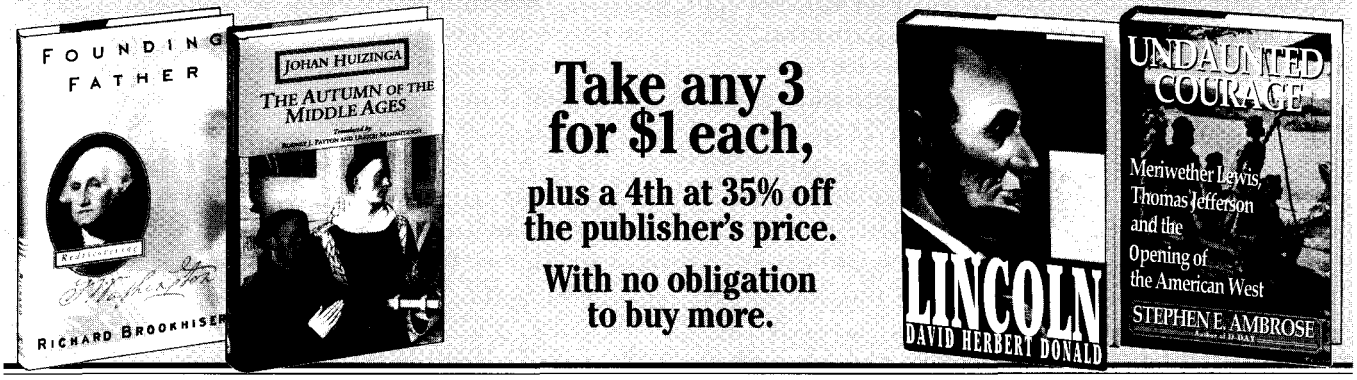

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welfare. Dole's crusade against liberal judges is the right idea (even if his voting record, which will be a frequent obstacle this year, blunts this particular attack). But the Dole campaign must undertake an even farther-reaching overhaul of the GOP agenda.

First, Republicans need to stop using the balanced budget as their chief political weapon. It didn't work last year and won't this year because it can easily be transmogrified into a meaningless gesture—as Clinton demonstrated with his bogus CBO-certified plan. Instead, the Republicans should push for an across-the-board cut in tax rates. That Republicans have punted on this, historically their most effective issue, borders on the suicidal. To justify the tax cut, however, congressional Republicans will have to abandon the fiction that they can achieve a balanced budget without a Republican in the White House. In the meantime, why shouldn't the American people get some benefit from the spending cuts Republicans have already achieved? Otherwise, Clinton will continue to steal the GOP's thunder with his own package of tax credits while knocking Republicans for not caring about supposedly stagnating take-home pay.

Next, the Dole campaign must turn to cultural issues. Clinton seems to have reached an implicit compact with his liberal base whereby he can acquiesce in vague balanced-budget numbers and centrist rhetoric because they don't mean much. Not so on the core social issues. The strongest hit the President has taken all year is on the partial-birth-abortion bill, when the feminists wouldn't let him tamper with a procedure that is four-fifths infanticide. Similar opportunities abound. Some House Republicans are exploring legal routes to undercut the Hawaii strategy of gay activists to win nationwide standing for gay marriage; the Dole campaign should join this effort.

Right Data

JAMES Carville, economic historian? Bill Clinton's political guru assumes the role in his new book, *We're Right, They're Wrong*. Naturally, he tries to debunk some of the "myths" surrounding the 1980s: "Facts are facts. Reagan's job numbers weren't even as good as Johnson's, Carter's, Kennedy's, or Nixon's. And Clinton's stomping all over Reagan too." Of course Carville is wrong.

Despite sharp job gains in recent months, this recovery ranks fifth of the last five in average annual employment growth. Since March 1991, 8.2 million jobs have been created. That sounds like a lot, yet it represents only a 1.4 per cent annual increase from the Bush recession's low point. Under Reagan 210,000 jobs per month were created. Had that rate been replicated this time, 4.4 million more Americans would hold jobs today. Why the decline in employment growth? In part, it's due to factors beyond the control of this or any other Administration. The working age population simply isn't growing as fast as it once was. Between 1990 and 1995, for example, the number of people aged 20 to 24 fell by 1.4 per cent per year, echoing the baby bust of two decades earlier. The total working-age population (ages 16 to 64) grew at a mere 0.8 per cent per year during this period, or at less than half the 1.8 per cent growth rate of the Nixon–Ford–Carter period, when baby-boomers poured into the labor market.

What's worse, we seem less eager to work. In earlier business cycles, the percentage of working-age people either working or looking for work (the participation rate) rose as the recovery matured. Not this time. Labor-force participation has been stuck at about 66.5 per cent of the working-age population since 1994. There's been an outright decline in the percentage of young black males in the labor force, and a flattening for white women aged 25 to 44. It's hardly surprising that nearly half of the labor markets in the U.S. are experiencing labor shortages.

EMPLOYMENT GROWTH BY ADMINISTRATION

Recovery	Jobs Created: Total (Mils.)	Jobs Created: Average Per Month	Avg. Annual % Increase in Employment
JFK/LBJ (3/61 to 9/69)	12.4 Mil.	121,570	2.0%
Nixon (12/70 to 9/73)	6.9 Mil.	209,090	3.1%
Ford/Carter (3/75 to 12/79)	14.7 Mil.	257,900	3.4%
Reagan (11/82 to 6/90)	19.1 Mil.	209,900	2.4%
Bush/Clinton (3/91 to 3/96)	8.2 Mil.	136,670	1.4%

Source: Commerce Dept.; Calculations by author

This aversion to work is traceable, at least in part, to the 1993 expansion of the Earned Income Tax Credit. More than 15 million people are now eligible for the credit, and when family income starts to grow, EITC payments are phased out, subjecting these families to marginal tax rates of just over 49 per cent. The prospect of losing nearly half of each additional dollar has discouraged many one-earner families from becoming two-earner families.

At the other end of the spectrum, work incentives were hurt by the phase-out of certain deductions and by hikes in the top income-tax rate. Then, in 1994, the income cap for the Medicare tax was removed, pushing the combined federal rate to 42.5 per cent. Spouses of high earners are most sensitive to these barriers. All their income, even if modest, is taxed at the top rate. Research by Barry Bosworth and Gary Burtless of the Brookings Institution suggests that 9 per cent more married women would work if the pre-1990 tax rates were still in effect.

When a worker stops looking for a job he is dropped from the unemployment rolls just as if he had found work. This explains why the current unemployment rate is among the lowest in two decades. But the nature of unemployment has changed ominously. Twenty-five years ago the average spell of unemployment lasted 8 weeks. Last year it was 17 weeks. Trends like this could stymie efforts to dismantle the nanny state.

—ED RUBENSTEIN

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The California Civil Rights Initiative will force liberals openly to support racial discrimination; the Dole campaign should run a parallel effort at the federal level. Official-English legislation would play to the common sense of a huge majority of Americans; Dole should embrace it. Reform of legal immigration alone could win California from Clinton. Voters recoil from the Democrats when they realize they are the party of feminists, gay activists, ethnic pressure groups, and minority special interests. Time to remind them.

A recent Frank Luntz poll found that 52 per cent of union members had an unfavorable impression of Bob Dole, even though sizable majorities of them support welfare reform, the balanced-budget amendment, and tax cuts. Only 27 per cent had an unfavorable impression of Clinton. Senator Dole—a brave patriot, an effective lawmaker, and a moderate conservative as near to the mainstream of American opinion as anyone—does not deserve these dismal numbers. But how to change them? He cannot proclaim his personal virtues; that should be left to others. The way for him to climb back is to highlight his differences with Bill Clinton on vital issues like taxes and cultural fragmentation—and to do it out on the hustings. He may not like it, but that has never prevented Bob Dole from carrying out difficult missions.

Last Tango in Damascus

THE recent crisis in Lebanon was not about Lebanon but about Syria. Syria holds Lebanon hostage, and it allows the Hezbollah terrorists in the southern part of the country to lob Katyusha rockets into northern Israel whenever Damascus wants to put pressure on Jerusalem. The last fortnight or two, when the Syrian–Israeli negotiations over the Golan Heights were on hold because of the Israeli election, must have struck Syrian President Hafez al-Assad as a good time to ratchet up the pressure. Israel's fierce reaction was designed to show Syria that such a policy is not cost-free.

Israel's strategy nearly fell apart when its artillery sadly hit the wrong target—a UN refugee camp a few yards away from Hezbollah positions. The international uproar—never heard, of course, when Arabs are shelling Israelis—blunted Israel's momentum and helped account for the extraordinary spectacle of a Syrian president snubbing the U.S. secretary of state. One day, Assad kept Warren Christopher cooling his heels while he was closeted with Russian Foreign Minister Yevgeny Primakov; the next day, Assad canceled his talk with Christopher altogether because he was allegedly preparing for a visit from Pakistani Prime Minister Benazir Bhutto.

The Israelis regained their leverage by threatening a major ground invasion of Lebanon. In the end, Christopher was able to broker a reasonable respite under which Syria is once again held accountable for Hezbollah's behavior. The Clinton Administration deserves credit for not joining in the general harassment of Jerusalem after the disaster of the refugee camp.

Yet, while tactically smart, the Administration has been strategically foolish. American wooing of Assad over the past three years—as if a Golan deal were more important to us than to him—reached epic proportions with two Assad–Clinton summits, 22 Christopher pilgrimages to Damascus, and an invitation to Assad to attend the Sinai anti-terrorism summit (which Assad, a notable patron of terrorists, had the grace to decline).

Syria is objectively weaker than it has been in decades. Orphaned by the Soviet collapse, eclipsed in the Arab world since Desert Storm by moderate states such as Saudi Arabia and Egypt, Syria has no military option against Israel. It can no longer veto the peace moves of other Arabs—witness the PLO's decision to scrap all the provisions of its charter that contravened its agreements with Israel. Assad has only a spoiler's role. He has had four years to negotiate with a Labor government—the most flexible in the history of Israel—and he wasted it. He seems paralyzed by fear of the risks of peace. Whoever wins the Israeli election, the U.S. should back off. If Assad wants to come to us or to Israel, fine. If not, courting him is unseemly. Enough is enough.

Bordering on Disaster

CONGRESS'S sudden collapse in the face of ethnic and business special-interest lobbying has effectively derailed immigration reform—for now. Only minor tightening of policies toward illegals remains. Immigration enthusiasts—primarily Democrats but with the help of Republican fellow-travelers—have shown they will not tolerate any real reform or reduction of the current influx. Their agenda evidently is just to get as many immigrants here as possible.

One case study of how the Beltway game is played: INS Commissioner Doris Meissner's much-trumpeted March 28 announcement that legal immigration had fallen by 10.4 per cent. The implication, of course, was that since immigration numbers were falling on their own, there was no need for legislative action—a point used by the

Revenge Is Tasty

As the Medicare Trust Fund that Newt
Tried to fix before getting the boot
Grows increasingly pale,
Edgy Democrats flail
At the gap (It's a beaut!) like Canute.

—W. H. VON DREELE

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White House as an excuse for abandoning its support for the Jordan Commission's reforms. That same afternoon, the Senate Judiciary Committee adopted an amendment by Senators Edward Kennedy (D., Mass.) and Spencer Abraham (R., Mich.) that served to *increase* legal immigration. What Mrs. Meissner had failed to mention, however, was that the INS already expected legal immigration to rise dramatically—from 720,461 in 1995 to almost one million in 1996 and 1997, and then around 850,000 a year for the foreseeable future.

"There is little doubt that the INS timed the announcement of the 1995 decline to have the maximum impact on the congressional debate," according to Rosemary Jenks of the Washington-based Center for Immigration Studies, who added that the 1995 numbers were available many weeks before the official announcement.

Crimes or Misdemeanors?

DAVID Hale, a former Arkansas judge and one-time friend of Bill Clinton, accuses Mr. Clinton and others of urging him to defraud the Small Business Administration of $300,000, a felony. Mr. Hale has already pleaded guilty to various crimes, a fact that Mr. Clinton's supporters are quick to point out. But Mr. Hale's allegation is not the only legal problem facing this White House. In fact, Whitewater Independent Counsel Kenneth Starr must soon decide whether to pursue the Clintons and their staff on a host of potentially unlawful activities.

Obstruction of justice. *Newsweek* reports the FBI found Hillary Clinton's fingerprints on Rose Law Firm billing records discovered in the White House last summer. The records, subpoenaed by federal investigators in 1994, were not turned over until this January. The documents seem to show Mrs. Clinton provided legal advice on the Castle Grande real-estate scam, which cost the taxpayers nearly $4 million. Previously Mrs. Clinton said she had never heard of Castle Grande, she did not recall doing legal work on the project, she did not recall ever seeing the billing records, and she had no idea the records were in the White House.

Selling government jobs. In March we learned from published reports that in 1990, while running for re-election, Governor Clinton was handed a $7,000 campaign contribution from Robert Hill, an Arkansas banker. In response, Mr. Clinton allegedly said something like, "I don't guess you guys would have any problem with my appointing Herby [Branscum] to the highway commission." Mr. Branscum was Mr. Hill's partner. Messrs. Hill and Branscum were both indicted recently by Kenneth Starr for participating in an illegal scheme to help finance Mr. Clinton's 1990 gubernatorial election.

Tax fraud. James Stewart, author of *Blood Sport*, discloses, in part, the following:

In 1978, the Clintons deducted $10,131 from their taxes as an interest expense on their Whitewater property even though Whitewater paid much less than that amount in total interest that year. In 1979, the Clintons paid $12,490 toward Whitewater, deducting most of it as interest expense when, in fact, $2,900 was not. In 1980, the Clintons paid $4,350 in interest and $9,000 in principal toward Whitewater, yet they deducted the entire amount, including the principal payment, on their tax return.

In addition, John Hartigan, a former general counsel of Solomon, Inc., wrote in the *Washington Times* recently that the Clintons' 1984 and 1985 tax returns "improperly claimed a total of $5,133 in deductions for interest payments that the Clintons supposedly made themselves but that were actually made by Whitewater."

Bank fraud and mail fraud. Mr. Stewart reports that in 1987, after much delay, Mrs. Clinton produced a financial statement for the bank that was renewing their Whitewater loan. The statement apparently overstated the value of the Whitewater property.

If the seemingly false tax returns and financial statement were delivered by mail, such acts could constitute the additional crime of mail fraud.

Making false statements to federal investigators. The General Accounting Office (GAO) has raised the question whether former presidential aide David Watkins made false statements during the GAO investigation of the White House Travel Office firings. Mr. Watkins's handwritten notes and a draft memorandum reveal he fired the Travel Office staff at Mrs. Clinton's direction. Yet Mr. Watkins apparently gave contrary testimony to GAO investigators. Since Mrs. Clinton also told investigators she had no role in the firings, her testimony also contradicts Watkins's notes and memorandum.

Perjury and contempt of Congress. At issue is the truthfulness of testimony given under oath to the Senate Whitewater Committee by several Clinton officials and friends who seem to remember little about key dates, meetings, and events—not to mention the failure to comply with congressional subpoenas in a timely fashion.

Misappropriation and fraudulent use of government funds for private gain. The late Deputy White House Counsel Vincent Foster and former Associate White House Counsel William Kennedy, among others, apparently worked on the Clintons' personal legal affairs while on the government payroll. Mr. Foster reportedly helped with the Clintons' Whitewater taxes and Mr. Kennedy participated in Whitewater-related strategy sessions with the Clintons' private counsel.

Government officials may not use government lawyers for private legal work. Nor may they solicit or accept a gift, such as free legal services, from their government lawyers, and those lawyers may not make such a gift of services to them.

The Clintons' supporters insist that they have done nothing illegal. But their criminal-defense lawyers are working overtime—and running up million-dollar legal bills. Why? —MARK R. LEVIN

Mr. Levin is the director of legal policy at Landmark Legal Foundation, which is co-counsel to Jean Lewis, former criminal investigator for the Resolution Trust Corporation. Rebecca K. Smith contributed to this article.

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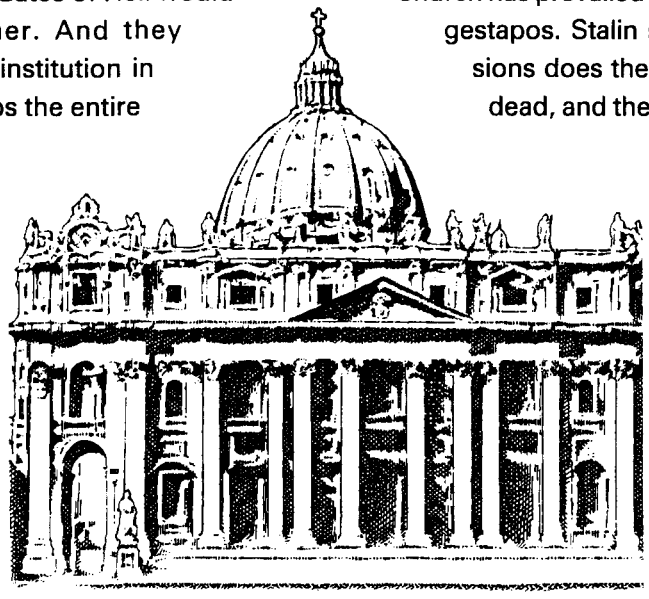
ROME WILL WIN

These are hard times for loyal papal Catholics: The media assault us, our culture mocks us, and dissenters and "cafeteria Catholics" undermine us from within. But Holy Mother Church was founded by Jesus upon the Rock who was Peter, and He promised that the Gates of Hell would never prevail against her. And they haven't! She's the oldest institution in the Western world, perhaps the entire world. "The proudest royal houses are but of yesterday, when compared with the line of Supreme Pontiffs," said historian Thomas Macaulay. "The republic of Venice was modern when compared with the Papacy; and the republic of Venice is gone, and the Papacy remains...not in decay, not a mere antique, but full of life...." Why? Because the Popes sit in Moses' Seat.



The sovereign choices of God and the "scandal of the particular" are what it's all about: God chose *Israel*, picked *Mary*, and was incarnate as a *male*. His Son established the Church as the *New Israel*, willed that His priests be *male*, and gave authority to *Peter and his papal successors*. Amazing, but true!

"The voice of Peter is...a real authority," said John Henry Newman. "When did ever any power go to war with Peter, material or moral, civilized or savage, and get the better? When did the whole world ever band together against him solitary, and not find him too many for it? All who take part with Peter are on the winning side."

Denigrated and attacked for 20 centuries, the Church has prevailed over caesars, heretics, and gestapos. Stalin scoffed: "How many divisions does the Pope have?" But Stalin is dead, and the Pope routed Stalin's heirs — astounding, but true! The Church will surely overcome the dissenters and agents of the *Zeitgeist* in her midst. The liberal West's culture of death, lust, and greed will shrivel up, but Rome will endure.

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"They clearly misled the American people, knowing they were telling part of the truth but not the whole truth," says Rep. Lamar Smith (R., Tex.), who bravely led the House campaign to reduce legal immigration.

One feature of the Senate debate was the post-primary emergence from the closet of former presidential candidate Phil Gramm (R., Tex.). Gramm gave a speech so unreconstructedly enthusiastic that it would make an entire chapter in a book on immigration myths. "America would not be America without immigration . . . I do not want to tear down the Statue of Liberty . . . The American dream is not going to die on my watch." (Just the likelihood of high-paying jobs, social stability, and the unity of the American nation.) Gramm even offered a new immigration chestnut to the Senate: "Fifty per cent of all motels in America are owned by Indian Americans," of whom "80 per cent have the same family name." He did not mention that this is partly courtesy of the American taxpayer, via the Asian quota at the Small Business Administration.

Even Bob Dole, apparently forgetting his campaign speeches supporting a "moderate, temporary reduction in legal immigration," provided no leadership. He voted against efforts to rescue legal reform on the Senate floor.

There were four notable exceptions to this collapse: Senators Richard Shelby (R., Ala.), Alan Simpson (R., Wyo.), Hank Brown (R., Colo.), and Jon Kyl (R., Ariz.). They deserve the thanks, and the future attention, of the entire American people—if it hasn't irretrievably become "peoples" by then.

The Week in Verse

When you've been sack'd by *Huns* or *Visigoths*
There's no mistake; not so with *Gypsy Moths*.
They work more subtly, living in the trees
For years, and only kill you by degrees.
So as the world in spring came into leaf,
New green'd *Republicans* proclaimed belief
In government benevolence—wherefrom
Came *Kennedy* and also *Kassebaum*.
They'll make th'insurance companies be nice
And give us better health care at a price
Which, when we can't afford it, they will pay.
Thus: *Mrs. Clinton's* plan another way.
Likewise, some caring *Moderates* engage
To tack a dollar on the *Minimum Wage,*
So topping *Clinton's* offer by a dime.
Oh dear! cries *Bill*, they sure got me this time!
He's running scared all right, the Left condoles.
They're only twenty points up in the polls.

That long way back and badly short of cash,
Dole chooses carefully just what he'll bash:
Permissive judges and revolving doors,
Or housing projects, old cuts in *Star Wars*;
And, when fuel prices rise, how quickly he'll
Call for the gas-tax increase's repeal!
Thus do we see our hopeful new *King Log*
Incongr'ous in the role of demagogue.
He lacks his rival's chutzpah, which can steal
Ev'n credit for the new-made budget deal.

And what a triumph *Christopher* brought home,
Like some proconsul just return'd to *Rome*!
As *Israel*, charm'd by his pretty-please,
Grew tired of blowing up the *Lebanese*.
What though he found the *Syrians* rather odd,
Being left to cool his heels by *al-Assad*?
Our Empire's built to different dimensions:
Not one of land or pow'r but Good Intentions.

—Juvenal

Growing Up Berserk

MARTIN Bryant, the Australian surfer, dispatched 35 innocents into the next world (unfortunately sparing himself), and so, after Dunblane, after the Unabomber and Oklahoma City, we have another mass-killer of strangers. Some of the presumed murderers—Timothy McVeigh, Theodore Kaczyinski—have a dim-witted ideology, but the common thread is the destruction of people whom the killer never met.

The rhythm of such outbreaks seems to have increased over the last few decades. In the Fifties there was George Metesky, the Mad Bomber. At the end of the Sixties, there were some spectacular shootings. Now there seems to be a random slaughter somewhere in the civilized world every few months.

Technology has made such deeds easier: it would be hard to kill three dozen people with a saber. But explosives and rapid-fire guns have been with us for more than a century. During Prohibition mobsters had tommy guns—but only used them on each other. In Malay societies, running amok was a form of unhinged violence which ended in the killer's being killed—in effect, a homicidal run-up to suicide. That cannot be the motive in the modern West, where capital punishment is either irregular, or forbidden. (Martin Bryant will live out his life in an Australian jail cell.) Something else is empowering the modern berserkers.

The burgeoning culture of celebrity certainly plays a role. Crime will secure our 15 minutes of fame as well as anything else. Modernity itself immerses us in a sea of atomized individuals. It is easier to efface the faceless.

But we have recently added to the instability of modern life an instability of moral regulation. Virtues have been replaced by values, and values rest on authenticity. Call it Ralph Waldo Emerson with a backbeat. The evangelists of authenticity told us to expect a new heaven and a new earth. What we got instead was a great deal of boorishness, sloth, and lust. And from time to time, the human heart being what it is, we get mass murder.

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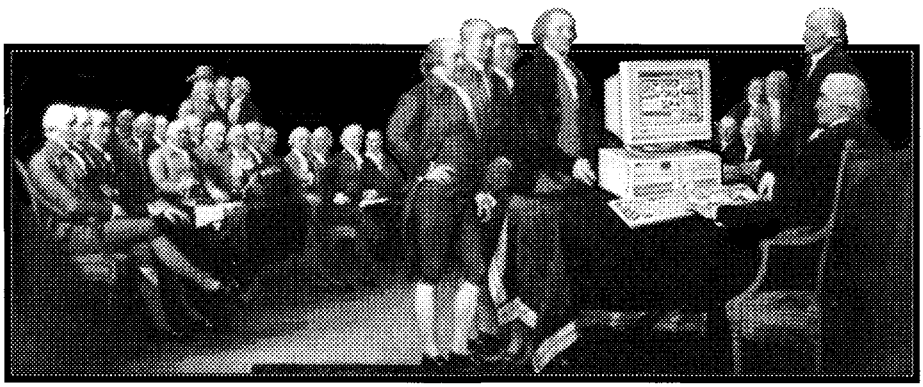

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NOTES & ASIDES

■ Memo to: All concerned
From: WFB

NATIONAL REVIEW Chairman of the Board Evan Galbraith, sometime ambassador to France, full-time director of Morgan Stanley, Inc., has published in France a novel on the dramatic moments, 1951–52, in which a) Stalin was tempted to invade Yugoslavia, en route to an invasion of Western Europe; b) President Truman faced contingently the only deterrent then available: the atom bomb. The account is based on Galbraith's personal familiarity with the secret crisis, tracing to his service in Navy Intelligence and the CIA. French publicity for *Opération Vent d'Ouest* is feverish. Upcoming: a U.S. edition, but revised as nonfiction. Applications to succeed Mr. Galbraith on *NR*'s board of directors are limited to poets laureate.

■ Dear Mr. Buckley:

Do you think Tom Peters realizes that he has been advising corporate America to break the law? Or that the Baldrige Commission has recognized companies that have violated the law?

There are laws on the books that don't make business or common sense in today's world. Some are ridiculous or crazy. For example, it's illegal to accept a gratuity in Iowa. In Virginia, where many lawmakers live, you can be fined $100 for swearing on the telephone. And in New York, it's illegal to walk on the street and read at the same time!

Believe it or not, a sixty-year-old law makes workplace cooperation illegal for 85 per cent of American workers. Section 8 (a) (2) of the National Labor Relations Act of 1935 says that *workplace cooperation between employees and management in non-union companies is illegal*. Many organizations that have empowered their workers are therefore breaking the law.

This antiquated provision was written to ensure that all forms of company unions (at the time) would be eliminated. Today, though, the broad prohibition remains in place and prevents the types of legitimate cooperative working relationships that encourage worker participation and joint decision-making.

Now, some of America's corporations, both large and small, such as DuPont, EFCO Corp., Keeler Brass Automotive Group, Electromation, Polaroid, and IBM, have banded together to try to change this law. The Teamwork for Employees and Managers Act, now pending before the Senate, would permit teams composed of employees and employers to address terms and conditions of employment (scheduling, work assignments, training, job descriptions) in non-union settings, all of which is illegal under the current law. This provision would unleash American companies to compete successfully in the world.

Can you give it a good word?

Sincerely,
Tom McDermott
Senior Vice President
R. C. Auletta and Company
New York, N.Y.

■ Dear Chairman Bill:

I notice with distinct pleasure that, every time I find NATIONAL REVIEW correspondence in my mailbox, it has been violently wadded up. Not the usual carelessness we've learned to expect from mail handlers, mind you, but the malevolent, purposeful act of some Postal Service gnome driven to apoplexy by the mere *sight* of an envelope with an *NR* return address.

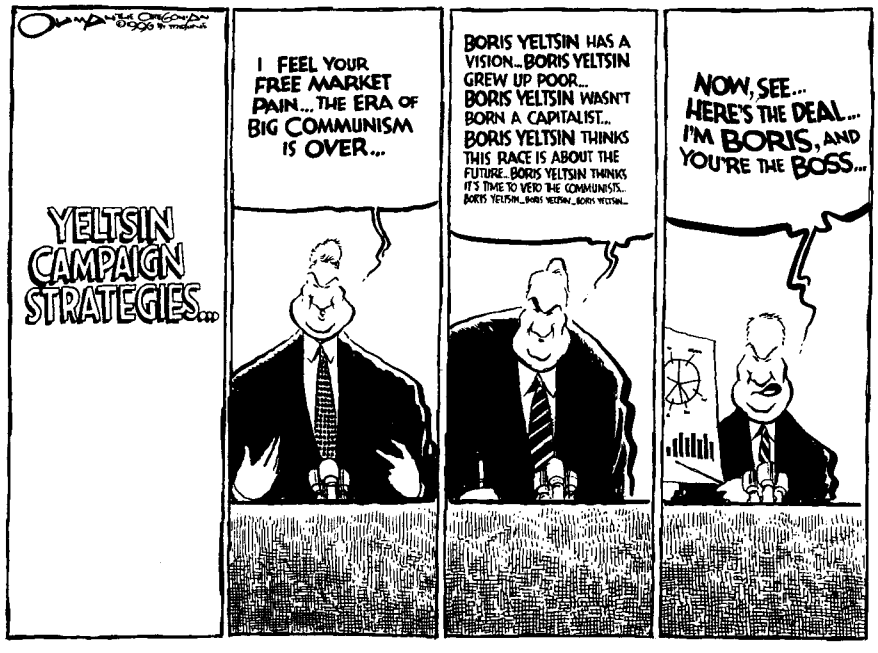
I first discovered this phenomenon in 1967 at the University of Oregon, where I learned that I could actually induce a sort of frothing at the mouth on the part of budding campus liberals by simply switching a nearby television to *Firing Line* and turning the volume knob clockwise.

Sometimes, it's the little things that foster joy of living.

Your Friend and Ally,
Glenn D. Baker
Ashford, Wash.

Dear Mr. Baker: Yes indeed, it is the little things. You do make it a point, do you not, of affixing postage stamps commemorating pestilential figures in our history—upside down? Very important. Important, too, to affect deafness when Internal Revenue rings. Cordially,

—WFB


YELTSIN CAMPAIGN STRATEGIES...
I FEEL YOUR FREE MARKET PAIN... THE ERA OF BIG COMMUNISM IS OVER...
BORIS YELTSIN HAS A VISION... BORIS YELTSIN GREW UP POOR... BORIS YELTSIN WASN'T BORN A CAPITALIST... BORIS YELTSIN THINKS THIS RACE IS ABOUT THE FUTURE... BORIS YELTSIN THINKS IT'S TIME TO VETO THE COMMUNISTS...
NOW, SEE... HERE'S THE DEAL... I'M BORIS, AND YOU'RE THE BOSS...

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CAPITAL SCENE

Grand Old Party Poopers

RICH LOWRY

Dennis Dittrich

WASHINGTON, D.C.

IN his weekly radio address in mid April President Clinton lamented that his anti-terrorism bill had been watered down and argued that "we need the real thing." When the bill was in conference, Democrats worked to add provisions to give it "some teeth." Rep. Charles Schumer (D., N.Y.), a liberal's liberal, complained that "there's a lot that should be in this bill that's not." Clinton FBI Director Louis Freeh, meanwhile, argued that a federal law-enforcement review commission provided for in the bill would have "a chilling effect on those charged with vigorously enforcing the law." What all these newly tough-on-crime Democrats were complaining about were provisions either deleted from the bill or added to it at the behest of Republicans like freshman Rep. Bob Barr (Ga.).

Barr helped torpedo the initial Clinton version of the bill last year, then in March stripped down further a compromise version he had worked out with House Judiciary Committee Chairman Henry Hyde. "The traditional forces of big government say, 'There's a problem, let government fix it,'" explains Barr. "And if it's law enforcement, traditionally Republicans said, 'Give law enforcement whatever it wants.' The process whereby this bill became law is recognition that there really are new forces at work in the Congress on behalf of the people." New, indeed. As Clinton touts his cops-on-the-street plan and talks tough on assault weapons, Republicans are in danger of losing their grip on the crime issue for the first time since 1968.

The Dole campaign is getting most of the blame for the GOP's current funk. But the Republican predicament has been a party-wide effort with roots far deeper than a stumbling presidential candidate. The GOP Congress has operated with a reckless disregard for its own political health. In cases like the anti-terrorism bill, it has succumbed to the misplaced enthusiasms of its well-intentioned and energetic freshman class. In others, like the balanced-budget fight, it has been seduced by its own airy triumphalism. And in still others, like affirmative action, it has been wary of offending polite opinion. "The Bush Administration in drag," is how one House member describes a GOP Congress so weakened it now cowers before the minimum wage.

Like the Bush Administration, the GOP Congress has allowed critical distinctions between itself and Bill Clinton to get blurred. Crime is one example. Another is taxes. Both Republicans and Democrats now endorse what Clinton calls "a modest tax cut." And, astoundingly, Clinton may have more credibility than the Republicans. "I can't tell you," says GOP pollster Kellyanne Fitzpatrick, "how many focus groups, when I ask, What do Republicans stand for? say, Higher taxes." A dramatic tax-cut proposal from the GOP, à la Christine Todd Whitman in 1993, would be just the thing to clear the fog—but Republicans don't dare. Which is just one of many unhappy results of the GOP's year-long dance with the deficit.

It is impossible to overestimate the damage done by the GOP's fixation on the balanced budget, which came at the instigation not of Dole, but of House Speaker Newt Gingrich. The fight left Clinton looking both principled and reasonable, while shattering the GOP's credibility, a political dynamic that has been at work ever since. Dole Chief of Staff Sheila Burke recently tried to cheer up a meeting of long-faced Republican staffers by noting that Republicans have had a pretty good couple of weeks. In one sense they had: meaningful habeas-corpus reforms signed into law; that decade-old will-o'-the-wisp, the line-item veto, finally a reality; a new farm bill that is flawed but that nonetheless represents progress. The trouble is that none of this matters. The President is riding so high he can flip almost anything to his advantage.

TAKE welfare, a premier GOP issue. Republicans have two Clinton vetoes under their belt. But both date from the budget fight when no one was paying attention, and Clinton is touting all the reform waivers his Administration has granted states. Should Republicans send Clinton more veto bait? Maybe—except any bill would inevitably get caught up in GOP infighting, and by the time Senate moderates are through with it could actually produce a presidential signature rather than a veto. What to do? "Here's what we lay out for ourselves," complains one Senate aide. "If we pass it and he signs it—we lose. If we pass it and he vetoes it—we didn't get anything done. And if we don't pass it, he can't veto it—but we're do-nothing. So, therefore, we lay out a scenario where whatever we do and whatever he does—we lose."

It was in this lose-lose atmosphere that Republicans—convinced they can't beat Clinton on *anything*—got rolled on the minimum wage. A foul-up on the part of Dole's floor manager made it possible for the Democrats to offer the amendment, and when eight Republicans voted to consider it Dole was trapped. It has become clear that while Senate Democrats are ready to play politics to the hilt—47 filibusters as of March, more than in either of the past two Congresses—Dole's colleagues

Mr. Lowry is NR*'s national political reporter.*

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aren't prepared to do the same. Not only did a bloc defect on the minimum wage, five of them abandoned Dole on a crucial vote on Medical Savings Accounts (MSAs), including Slade Gorton (Wash.), whose vote seemed a product of personal pique. Meanwhile, not one Democrat voted for MSAs, even those who had previously endorsed the idea.

This is nothing new from Senate Republicans. The difference between this year and the beginning of last year is that the House—at least initially—wasn't there to provide a fire wall. Gingrich, still limping from the budget debacle, quickly bowed to the inevitability of the minimum wage. Citing the fact that only thirty-some House Republicans voted against it the last time it came up, in 1989, he thought he was reading the tea-leaves of his conference, which has been softened by a relentless barrage of union attack ads. (Labor and environmental groups have spent almost as much against Washington freshman Randy Tate as he spent getting elected in 1994.) It took House Majority Leader Dick Armey to pull Gingrich back, getting his endorsement of an alternative package of tax cuts and union reforms.

An effective counter-thrust to the minimum wage, the package may finally get Republicans talking again about economic growth. And at least it's playing offense, which Republican National Committee Chairman Haley Barbour realizes is half the answer (see "Bread & Circuses," p. 26). But unless Bob Dole gets out of Washington he will never shake free of the sort of Democratic tactics that have been tripping him up. And, at a deeper level, unless the Republican Party regains confidence in its own ideas it won't be able to defend itself against proposals even as discredited as the minimum wage. "I think it's the minority mentality," says Rep. Jim Talent (R., Mo.). "I think it's a creeping sense people have that the last election was really some fluke and the Left has some divine right to govern and will no matter what we do or say."

A CRUCIAL sign of the coming of a GOP tide in 1994 was Republicans' willingness to stand up to bogus proposals like the Clinton crime bill, because they knew they could take their case to the public. That sense is now lost—just when the GOP needs it most. "The irony is that there's more work to do now than when we started out a year and a half ago," says Kellyanne Fitzpatrick. If the party applied half the energy it took to push Medicare uphill last year to truly popular issues like English-only legislation or a rollback of affirmative action, life might be easier. So far, though, there's no relief in sight. The Senate recently passed the Kennedy–Kassebaum health bill 100 to 0. With its "guaranteed issue" requirements the bill promises to disrupt the private insurance market, creating an opening for yet more government intervention. Which even for this chastened GOP Congress is a departure: reviving not just the Clinton Administration, but its approach to health-care reform too. □

Judging Clinton

THOMAS L. JIPPING

WASHINGTON, D.C.

JUDICIAL selection has become an important priority for Bob Dole. Speaking to the American Society of Newspaper Editors on April 19, he said that "the federal judges a President chooses may be his most profound legacy." Then on April 22, from the Senate floor, he called on President Clinton to withdraw the nomination of Charles "Bud" Stack to the U.S. Court of Appeals. The *Washington Times* quoted a source close to the Senate GOP leadership as saying that all nominees are now "at risk." What's going on here?

In 1992 candidate Bill Clinton pledged to use what he admitted was a litmus test on political issues such as abortion in appointing federal judges; indeed, key left-wing constituencies demanded nothing less. Now that Senator Dole has made Mr. Clinton's judicial-selection record an issue, however, apologists are attempting to sanitize the story. In a "news analysis" in the March 23 *New York Times*, for example, Linda Greenhouse insisted that the Clinton nominees "comprise [*sic*] a moderate, mainstream group."

That group includes U.S. District Judge Harold Baer. In January, he threw out evidence including 80 pounds of cocaine and heroin and a drug courier's confession because he said police did not have reasonable suspicion to search her car. Even liberals condemned this decision; USC law professor Susan Estrich (Mike Dukakis's campaign manager in 1988) said it was "dangerously" wrong and "must be reversed on appeal." After universal criticism, Judge Baer last month reversed himself.

Miss Greenhouse described Judge Baer as an "anomaly." But decisions by Mr. Clinton's appointees prove otherwise. A review by the Institute for Justice's Clint Bolick concluded that "Judge Baer is not an aberration among Clinton judges." Mr. Bolick observes that Clinton judges on the U.S. Court of Appeals for the 4th Circuit, for example, rule for criminal defendants more than twice as often as non-Clinton judges. Some Clinton appointees, such as Rosemary Barkett on the 11th Circuit, have ruled for the defendant in every criminal-law opinion they have written. In Judge Barkett's case, this continues a pattern she established before her appointment. While on the Florida Supreme Court, she voted against the death penalty for reasons including "learning problems" or "emotional deprivation" suffered by murderers. In 1988, she blamed all youth crime on the social system, and in 1992 she said a heinous murder was caused by "discordant racial relations." In 1989, she wrote an opinion declaring unconstitutional police searches of interstate buses for drugs even with the passengers' permission. She compared police officers to Hitler's SS and to the agents of "white supremacist South Africa." The Supreme Court reversed her.

In fact, Judiciary Committee Chairman Orrin Hatch observed of Mr. Clinton's appeals-court appointees that "more than half . . . have issued or joined activist opinions that have been sympathetic to criminal defendants at the expense of legitimate law-enforcement interests, or that have sought to substitute their policy preferences for those of the people as expressed in written law."

By the time Mr. Clinton nominated H. Lee Sarokin to the U.S. Court of Appeals, the *Almanac of the Federal Judiciary* had already named him the most liberal federal judge in New Jersey. He wrote in the *West Virginia Law Review* that he

Mr. Jipping is director of the Free Congress Foundation's Judicial Selection Monitoring Project.

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opposes all detention of criminal defendants before final conviction. He opposes mandatory sentencing, uniform sentencing, and a good-faith exception to the judiciary-created exclusionary rule.

As an appellate judge, he is behaving as expected. In one case, a Delaware jury convicted a man of murdering his elderly aunt and uncle while robbing their home and found several different factors justifying the death penalty. The Delaware Supreme Court and the U.S. District Court upheld the conviction and sentence, and the U.S. Court of Appeals voted 9 to 4 to do the same. Judge Sarokin was in dissent, arguing that a mistake in certain instructions to the jury was sufficient to void the death penalty even though there were sufficient independent grounds to justify it.

Mr. Clinton's record goes beyond the 185 judges he has already appointed. He has proposed elevating James Beaty, whom he appointed to the U.S. District Court in 1994, to the U.S. Court of Appeals for the 4th Circuit. Last fall, Judge Beaty participated in some appeals-court cases, providing a sample of what he would do if named permanently to the higher court. In one case, a Maryland jury convicted Timothy Sherman of double murder. Joined by a liberal Carter appointee, Judge Beaty voted to overturn the conviction because a juror had driven past the house where the murder had taken place to see the tree in which Sherman had hidden the shotgun. The full appeals court is already reconsidering that decision.

Mr. Clinton has nominated Margaret McKeown to the U.S. Court of Appeals for the 9th Circuit. A partner in a Seattle firm with significant Democratic Party connections, she worked pro bono as lead counsel for the American Civil Liberties Union in litigation to keep an initiative off the Washington ballot that would have decided the question of special legal status for homosexuals. She signed pleadings arguing that the very process of direct democracy—the gathering of signatures to place the initiative on the ballot—would cause everything from hate crimes and sexually transmitted diseases to depression, substance abuse, and suicide. In addition, she helped persuade the American Bar Association to abandon its officially neutral position on abortion and embrace an abortion-rights agenda. And speaking of the ACLU and homosexual rights, Mr. Clinton has also nominated to the U.S. District Court Susan Oki Mollway, a board member of the ACLU of Hawaii, which is on record endorsing homosexual marriage.

Mr. Clinton decided not to re-nominate some extremists he had submitted to the Democratic-led 103rd Congress. These include Judith McConnell, first nominated to the U.S. District Court in August 1994. On the California Superior Court, Judge McConnell once gave custody of a teenage boy to the homosexual lover of the boy's dead father rather than to the boy's Christian mother. Judge McConnell relied on social workers to conclude that the mother "has consistently . . . interfered with [the boy's] attempt to make independent decisions."

President Clinton's agenda for a more activist judiciary is clear. The Constitution, however, conditions a President's

Bonnie T. Gardner

appointment of judges upon consent of the Senate. Senator Dole's recent attention to this issue is heartening—except that it stands against a very deferential backdrop.

When the issue was raised with then–Minority Leader Dole on *Family Forum Live* in 1993, he promised one caller: "Give us a majority, and if we don't produce you ought to throw us out." But since taking over in January 1995, the Republican Senate has processed Clinton judicial nominees faster than the Democratic Senate had done for the first two years of his Administration.

The first problem is that the Republican Senate has been handling lifetime appointments to the judicial branch in the same routine way it handles temporary appointments to the executive branch. It considers nearly all nominees without any floor debate and without a roll-call vote. On August 11, 1995, for example, minutes before the Senate adjourned for a recess, Majority Leader Dole, in a nearly empty chamber, asked for "unanimous consent" confirmation of a list of nominees. In less than a minute, the Senate confirmed 53 presidential nominees. Most of these were to patronage positions such as the Marine Mammal Commission, but 11 of them were federal judges.

Second is Senate Republicans' entrenched habit of cutting deals with their Democratic colleagues. Take the strange case of Louisiana Supreme Court Judge James Dennis. President Clinton nominated Judge Dennis to the U.S. Court of Appeals for the 5th Circuit in 1994, but controversy kept even the Democratic Senate from acting. President Clinton renominated Dennis in January 1995, and Senator Orrin Hatch, the new chairman of the Judiciary Committee, agreed to push the nomination. The committee quickly approved it, without a hearing. Just a few days later, the Louisiana press broke a story suggesting the nominee had committed a serious breach of judicial ethics. Senator Thad Cochran, chairman of the Republican Conference, moved to send the nomination back to committee for reconsideration. Against the entire Republican leadership, and over the objections of eight of the ten Judiciary Committee Republicans, Senator Hatch helped defeat the motion 46 to 54 and the Senate immediately confirmed the nomination. Judge Dennis has already issued opinions placing him among the most liberal of President Clinton's appointees.

This puzzling deference, unjustifiable in terms either of politics or of principle, has allowed President Clinton to craft an increasingly activist federal bench. He has appointed as many judges in three years as President Bush appointed in four, 21 more than Ronald Reagan appointed in his entire first term with a Senate of his own party. There is still time, however, for Republicans to establish meaningful principles on which to chart a different path. President Clinton has said he still backs the nomination that Senator Dole wants him to withdraw. What will the Republicans do about the nomination of Charles Stack and other controversial nominees now before them?

Senate Republicans have talked the talk, and now they must walk the walk. If they do not, American voters may just accept Senator Dole's 1993 invitation and throw them out. □

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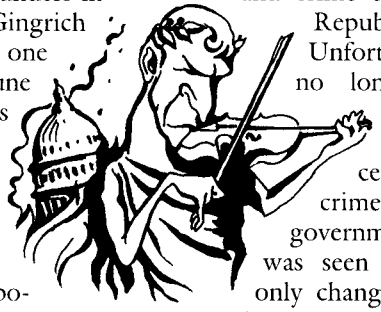
BREAD & CIRCUSES

DID GOP senators agree to include mental-health benefits in the insurance bill in order to help fellow Republicans gripped by clinical depression as they contemplate November 5? Certainly, the more morose conservatives are wondering aloud if convention delegates are bound on the first ballot. (The answer is: Yes.) But even as Bill Clinton leads in the polls, Bob Dole flounders in the Senate, and Newt Gingrich retreats in the House, one Republican seems immune to the malaise afflicting his party. Haley Barbour, the chairman of the Republican National Committee, remains focused, decisive, and remarkably upbeat.



Surveying the gloomy political landscape, he asks: "What else would you expect?" Over the past year the Republican agenda has been overwhelmed by a well-funded Democratic assault. The RNC estimates that labor unions have spent $34 million, the Clinton–Gore campaign another $4 million, and the Democratic National Committee an unprecedented $19 million since last spring. And until now, the attacks have gone unanswered.

The RNC has spent only $4 million on ads, half of which focused on tax cuts and have run in the last few weeks. The GOP has fewer allies with deep pockets as a counterweight to the influence of the unions, with their compulsory membership and dues. And to make matters worse, one putative ally, the Business Roundtable, spent $10 million on lame ads last year, urging Republicans and the President to get together and pass a balanced budget. These appeals to the spirit of bi-partisanship ran while Clinton was refusing even to propose a balanced budget, and Barbour thinks they hurt the GOP more than they helped.

With the primary season over, Barbour is now getting into attack mode. In the next few weeks, the RNC will begin a $15-million "anti-Clinton" ad campaign. Republicans intend to focus on the contrast between Clinton's conservative rhetoric and his liberal record. "There's no money to do ads on a positive agenda, and given the polls, we have to bring Clinton down and win back our issues," explains a party strategist. Barbour himself, however, is convinced that a policy agenda is critical. He expects welfare, taxes, and crime to be central to the Republican message.

Unfortunately, these issues no longer hurt Clinton. Party polls find the public sees him as a centrist on welfare, crime, and the role of government. A year ago, he was seen as a liberal. "He's only changed his rhetoric, but it's working," complains a frustrated RNC staffer.

Republicans might yet tar Clinton as liberal on taxes by advancing a major tax cut. And Bob Dole's criticism of Clinton's liberal judicial appointments is intended to make it hard for the President to look tough on crime. But in the opinion of one conservative welfare expert, it may be difficult to portray Clinton as an obstacle to what had been a jewel in the GOP's crown a year ago—welfare reform.

Douglas Besharov of the American Enterprise Institute explains that the Clinton Administration has granted scores of waivers to the states to experiment with welfare reform. Under these waivers, twenty states have imposed family caps on welfare recipients and thirty states have enacted some version of time limits on welfare. This has given the President some unexpected boosters. Republican governors, while lobbying for comprehensive reform in Washington, go back home touting "dramatic" changes in state programs. "Clinton appears to the right of Dole on this issue. He has a colorable claim to have ended welfare as we know it," says Besharov.

This is a battle Clinton wins on two fronts. Swing voters are persuaded by Clinton's theft of key Republican messages. But his liberal base, knowing better, is unified and energized behind his re-election.

And by contrast, conservative voters, according to surveys, "lack intensity" in their support for Bob Dole. A GOP insider explains that Clinton's popularity is not the problem: "The problem is us. The base has to unify." This insider dismisses the view, sometimes heard from conservatives, that congressional candidates can ignore the Dole campaign and successfully go it alone.

And campaign veterans agree with him. A GOP Senate campaign strategist reports that Republican candidates are currently doing well in their individual races, but "the national environment could be a drag on our guys. This can't go on for five months." If it does, a decisive win by Clinton could cost Republicans the House, even if they enjoy local advantages in retirements and recruitments.

Haley Barbour is working to give the GOP some direction, purpose, and a steady nerve. But when it comes to the Dole campaign itself, he is little more than an observer. Nor has he taken part in congressional strategy sessions since last fall—when he was frozen out by Bob Dole.

It was a simple clash of styles. In leadership meetings, Barbour had argued for decisive action. Insiders speculate that Dole was more comfortable postponing final decisions in order to preserve his options.

MEANWHILE, Barbour is playing offense. He is convinced that the elimination of race and gender preferences is an important issue for Republicans, and he routinely cites Clinton's veto of the partial-birth-abortion ban as evidence of the President's extremism.

Barbour has aggressively advanced the issues his elected allies have provided. This experienced political hand firmly believes that "Good policy is good politics." Barbour is not just another Beltway policy wonk, however, he understands the grassroots, and thinks nationally. He deserves much of the credit for the Republicans' victory in the '94 elections, and Dole could use his abilities in designing the strategy and agenda for '96. And despite the difference in styles, there is no doubt that when the candidate calls, this loyal soldier will answer. —KATE O'BEIRNE

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ON THE SCENE

Limping Leftward

ANTONIO MARTINO

Roman Genn

ROME

SINCE the fall of the Center–Right government of Silvio Berlusconi in January 1995, Italy has gone through 15 months of suspension of democracy. During that time the country has been ruled by a "technical" government headed by Lamberto Dini and supported by the leftist parties that had lost the 1994 elections, plus the Northern League. The members of the Dini coalition had only one thing in common: they were afraid of new elections.

Finally, on April 21, Italians were again allowed to vote. The electorate basically had four choices. First, there was the Center–Right ("Polo per le libertà"—Freedom Pole), comprising Forza Italia (the free-market movement founded by Berlusconi), Alleanza Nazionale (National Alliance, the conservative Right), and a Catholic, moderate group (CCD–CDU). It was these parties, plus the Northern League, that had won the elections of March 1994.

Mr. Martino, a professor of economics, was Foreign Minister in the Berlusconi government.

Facing the Center–Right, there was a large and mixed assortment of leftist parties, led by the post-Communist Party (PDS—Democratic Party of the Left), which had chosen the olive tree as its symbol. Besides these two major alternatives, voters were offered the Northern League, and the unreconstructed Communists (Rifondazione Comunista). The League, confined to the Northern part of the country, has as its principal goal the secession of those regions from Italy. The unrepentant Communists, present throughout the country, support sharp increases in taxation, a wealth tax, reductions in working hours so as to increase employment (!), and the rest of the policies of the ultra-Left.

As it happens, there also was another tiny party, which no one had taken any notice of: the unrepentant Fascists (MSI–Fiamma tricolore) consisting of those who did not approve of the democratization of the Right under the National Alliance's Gianfranco Fini. This minute group of diehards wound up playing a significant negative role in the elections.

Contrary to what the world press reported, the election results were favorable to the Center–Right: Freedom Pole increased its share of the vote by 6 per cent over 1994, and it received more votes than the Center–Left Olive Tree grouping. Even if one adds the unreconstructed Communists to the Center–Left coalition, the Center–Right came in first: 16.5 million votes *v.* the 16.2 million of the Olive Tree plus the unreconstructed Communists. Finally, if one considers that most of the 10 per cent of popular votes received by the Northern League is due to its strong anti-government appeal, the conclusion is clear: the Left in Italy represents a small minority of the total vote.

However, since the League ran on its own, it deprived the Center–Right of a substantial share of the anti-Left vote. Secondly, the unreconstructed Fascists, though winning only one seat in Parliament, succeeded in attracting enough votes in many constituencies to prevent the Center–Right candidate from beating the leftist one. According to most estimates, this meant a loss of 34 deputies and 17 senators for Freedom Pole. Thanks to these two factors, the Center–Left won enough seats to be able to form a majority by joining forces with the Communists. We thus have the paradox that a country where two-thirds of the voters are opposed to the Left finds itself governed by an alliance of the Left and the ultra-Left.

Another way of putting it is that the outcome of the elections was determined by the extremists. The ultra-Right (the Fascists), by taking votes from the Center–Right, helped the Left win several seats; the ultra-Left (the Communists) received enough votes to allow the Left to form a government; and the secessionists (the Northern League) won enough seats at the expense of the Center–Right to prevent it from having a majority.

What will this mean for the future of Italy? The "reformed Communists" of PDS have gone overboard to show that they have nothing to do with their past. Call them Communist and you're likely to be sued for libel—definitely not politically correct. Also, instead of having the leader of their party—which is by far the largest in the coalition—run as their candidate for the Prime Minister's office, they selected Romano Prodi, a left-wing Catholic with a reassuringly sheepish face, in order to prove that theirs was a *Center*–Left coalition, not a leftist one. The party symbol still contains the hammer and sickle of the good old days, but it has been located at the bottom of their irenic olive tree.

DESPITE all these efforts to appear new and reformed, the leaders of PDS occasionally reveal their true identity. For example, Luigi Berlinguer, president of the PDS deputies, commented on their victory at the polls by saying: "We've waited forty years for this to happen." Forty years ago the members of Mr. Berlinguer's party considered Stalin "the greatest benefactor of humanity." One must hope that Mr. Berlinguer didn't exactly mean that Italy is going to have a government run by Stalinists.

What kind of policies can we expect

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from our new president? I believe we know what to expect, as we have already experienced this formula for more than a decade. From 1980 to 1993 Italy was governed by what has come to be called "*consociativismo*," a system in which almost all decisions had to be approved both by the Center–Left government and by the Communist opposition. The partners of that formula are now all represented in the governing coalition, and there is no reason to suppose that their policies will be any different from what they were in the 1980s. They can easily be summarized as "spend and spend, tax and tax, elect and elect"—that is, using government spending as an instrument for acquiring popular support and reelection, plus attempting (vainly) to remedy the financial disarray of the public sector through continuous, uninterrupted increases in taxation. Let me illustrate.

In 1950 total public-sector debt amounted to roughly 52 per cent of GDP; in 1980 it was slightly less than 55 per cent. In thirty years, that is, the ratio of public debt to GDP had increased by 3 percentage points. From 1980 to 1993, that ratio went from 55 per cent to over 120 per cent—more than 65 percentage points in 13 years, compared to the 3 points in the previous 30 years. It's fair to say that Italy's financial disaster was manufactured in the years between 1980 and 1993, when *new* debts amounting to over 1,650 trillion *lire* were incurred. Almost 90 per cent of all of today's public debt outstanding was incurred in the years 1980–1993. Yet, those were not years of low taxation: real public-sector revenue was increasing by an average of 5.5 per cent per year, while real GDP was growing by 2.5 per cent. Public-sector revenue amounted to 34.6 per cent of GDP in 1980, 49.3 per cent in 1993.

Even if we limit ourselves to the early Nineties, when Italy was run by "technical" governments enjoying the support of the Left, from 1990 to 1993 public revenue increased by over 190 trillion *lire*, while GDP grew by 238 trillion—i.e., the increase in public revenue amounted to almost 80 per cent of the growth in input. What did this gigantic increase in taxation achieve in terms of our indebtedness? Public debt went from 1,319 trillion *lire* in 1990 to 1,866 trillion in 1993—an *increase* of 547 trillion, or 41 per cent. Obviously, our financial problems are not due to insufficient revenue and cannot be cured by increasing taxation. The only way out of the mess is to constrain the growth of public spending: had total public-sector spending grown in proportion to GDP (but no more) from 1980 to 1993, in 1993 we would have had a *surplus* of 90 trillion *lire*, and total debt would have amounted to 16 per cent of GDP instead of 120 per cent. A very modest containment of the rate of growth of public spending would have turned Italy into an exemplar of public virtue.

This point is lost on the Left, which blames our financial problems on tax evasion and maintains that public spending is justified by lofty "social" ideals. How "social" our welfare state is can easily be shown. We actually spend nearly 340 trillion *lire* on "social spending." Assuming that two Italians out of five are incapable of looking after themselves and have to be supported by the other three—assuming, that is, that there are 22.8 million Italians on the dole—if those 340 trillion *lire* went directly to the 22.8 million "poor" Italians, each one of them would have an additional income of nearly $10,000 a year, $40,000 for a family of four. Poverty would be eradicated. But instead of reaching the needy, most of that money was wasted on a welfare apparatus that's costly, inefficient, bureaucratic, and corrupt. Yet, if one mentions these facts, the hysterical reaction of the Left is that the Right wants to "dismantle the welfare state."

When the Center–Left was in power from 1980 to 1993, it turned Italy into a truly international country, with Swedish taxation, Latin American financial stability, and Angolan public services. And they promise to give us more of the same?

However, they won't have it easy. Quite aside from the fact that their coalition is very heterogeneous, the sheer weight of Italy's financial problems will constrain their appetite for bigger government. When nearly 70 per cent of direct tax revenue goes to the payment of interest on the debt, it is unlikely that they can go very far in the direction of spending growth. As Ralph Harris would say, "Cheer up! Things are getting worse!" □

Pearls of Wisdom

JAMES GARDNER

Roman Genn

New York City

AT THE crying of Lot 454 the generally well-behaved audience began to grow restless, almost rowdy. In every big sale there is one item that everyone knows in advance will command the utmost interest, one item that people will be talking about for years to come. And so it was with the famous *faux* pearls. In a photo as familiar as any Madonna and Child of the Renaissance, the infant John-John had grabbed at these very pearls, around the tossed-back neck of his mother, Jacqueline Bouvier Kennedy. The auctioneer, Diana Brooks, wearing a vivid blue dress, called for quiet and the bidding began. The real value had been estimated at $80, if the pearls had belonged to your mother or mine. But owing to their illustrious provenance the estimate was raised to $500 to $700. Everyone knew, of course, that that figure too was a joke, that the lot would sell for many times more. The bidding mounted in swift increments of hundreds of dollars, then thousands, then five thousands. But when the increments leapt to ten thousands, a Zenlike silence and immobility reigned in Sotheby's, except for the two driven parties who had remained in the bidding. In unison the entire room looked back and forth from one party to the other as though at a tennis game

Mr. Gardner is NR*'s art critic.*

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whose match point has lasted past endurance. And when it was all over, amid gasping, amusement, consternation, and applause, the three-stringed bauble had gone for $221,500.

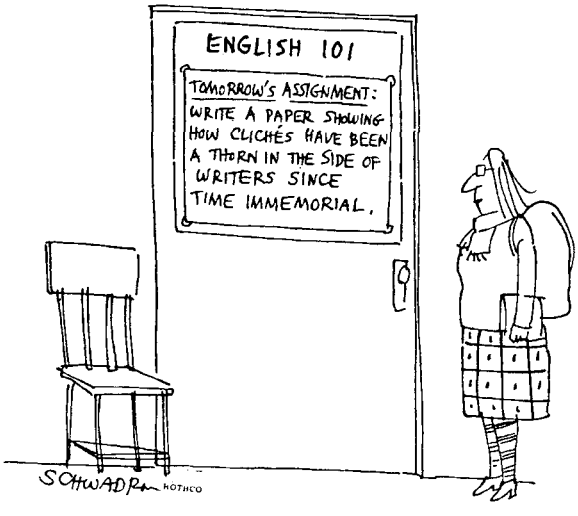
A brief anecdote may shed some light on last week's sale of the personal effects of Jacqueline Kennedy Onassis. I was recently in the apartment of a prosperous Park Avenue family whose young matron had coifed her hair unmistakably in the manner of Jackie O, after reading the book *A Woman Named Jackie*, which apparently had changed her life. Presently the conversation came round to politeness in general and specifically to the impoliteness of not looking at a person who was speaking to you. At this point the good woman turned to her first-born, Jackie (named for guess whom), and said, "Whenever Jackie Kennedy spoke to a person, she always, always made a point of looking that person straight in the eye." But it was the way she said it! You'd have thought she was handing down one of the prized analects of Confucius, if not the Eleventh Commandment.

Here, I believe, is the secret to the Jackiemania exhibited at Sotheby's. Mrs. Onassis was genuinely loved by many, as attested to by the outpouring of affection from the man and woman in the street. But there are certain people for whom Mrs. Onassis was not royalty—a rumor often heard—but, quite simply, deity. And for such people she was, as every deity worth its salt must be, greater in every way than they can imagine being. They have money, but she had more. They have great apartments, but hers was bigger, higher up, and better decorated. They are well dressed and well educated, but she was better dressed and better educated than they can hope to be. They may be CEOs, movie stars, hot-shot lawyers or their spouses. And yet she was married to the Big One, the President of the United States.

In an era in which everything is known about everyone, she alone seems to have preserved the mystery of an earlier age. We glimpse her through perfumed mists of memory compounded of myth. On television an historian shrewdly compared her to Cleopatra and Marie Antoinette. There is something in the realness of the photograph, of the recorded voice, that has robbed us of that mystery that the great possessed before the Industrial Revolution. Only for Jackie does this not seem to be true. Yes, she was photographed more than anyone else, but all of those photographs seem posed and reveal little. And can anyone really remember her voice? Had she existed in antiquity, she would have been one of the fair women whom Aeneas saw in Hades and whom Swinburne set beside Semiramis and Chrysothemis in the *Masque of Queen Bersabe*.

Now knowing as I did that the nexus between commerce and deity was a tricky one, I had resolved, on previewing the items that were going up for sale, to avoid at all cost the siren call of cynicism. That lasted around eight seconds. It is not after all at every auction—or at any other auction—that you are frisked for bombs and firearms as you pass through a gauntlet of metal detectors. When I passed upstairs to look at the loot, the white-gloved waiters were out in force, foisting champagne and hors d'oeuvres on us as they danced their way between the golf clubs and the ashtrays and the doilies of deity.

On this occasion, those who had actually known Jacqueline Kennedy were like priestly intercessors between her and the rest of us. Many claimed such personal acquaintance, and those who had only shaken her hand tried to parlay those brief fleeting seconds of epidermal contact into a meeting of minds, a mystic marriage. Strangely enough, the Kennedys themselves, especially the two children who had the most to gain, were absent. Had they shown up, a riot of the well-born would probably have ensued. Such cynicism as there was seemed to be directed at the others present. Everyone seemed bemused at everyone else, as though in this way to atone for and exempt himself from his own titillated excitement. But there was only reverence for the queen bee at the center of these proceedings. In contrast to the tone of previous estate sales like those for Andy Warhol and the Duchess of Windsor, everyone spoke reverently of Mrs. Onassis, praising her intelligence (within my hearing she was actually called a genius), her taste, and her innumerable acts of kindness.



OVER the next four days, those personal effects that had not gone to the Kennedy Library or to her children were hawked to the relic seekers. Certain items sold because of JFK and history, like the desk at which he signed the Nuclear Test Ban Treaty, which was valued at $20,000 to $30,000, but sold for $1.43 million. A humidor he received from Milton Berle sold for $574,000, and his golf clubs, in a red and brown golf bag bearing his initials, were sold to Arnold Schwarzenegger for $772,500. Other items, like a 40-carat diamond ring and paintings by John Singer Sargent and Robert Rauschenberg, sold very well, far above their estimates, but they possessed an intrinsic market value in addition to the charm of their provenance.

But surely the most interesting items were with almost no value apart from their having belonged to Mrs. Onassis. Some Jackie O was better than others. What had actually been worn or touched or used by her attracted the most feverish bidding. In addition to the fake pearl necklace, one saddle, made in Boston, had actually received the thighs of Mrs. Onassis and accordingly sold for $34,000. Another from Italy sold for $46,000, and still another from Switzerland fetched $90,500. Twelve simple ashtrays, because they bore the initials JBK rather than JKO, sold for $37,000. And when it was all over, the entire estate, comprising close to 1,200 items, fetched $34.5 million, many times its high estimate. In sum, there was nothing bad about the sale of Mrs. Onassis's personal effects. The children were enriched, the lives of thousands of affluent people were given a new meaning, and the rest of us were treated to a spectacle whose like, fortunately, we shall never see again. □

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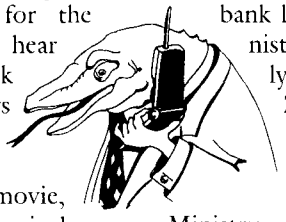
GEKKO

THE network newscasters alternate between panic and complacency over the "race" between Boris Yeltsin and Gennady Zyuganov, the Communist candidate for the Presidency of Russia. To hear them talk, it's a neck-and-neck contest, with the poll numbers changing by the week.



No. It's more like that scene in the first *Godfather* movie, where Vito Corleone calls the rival gang leaders for a conference in a boardroom. The deals between the Communist and "democratic" factions are being made now. The election results will reflect this—they'll be the product of advanced Russian mathematics, rather than simplistic arithmetic of the sort taught in American schools.

Even before the election, though, we already have one group of winners: the speculators—sorry, I mean *investors*—who bought old Soviet bank debt at last year's depressed prices. "Dollar Vnesh," or the dollar-denominated bank debt issued by the Soviet Vnesheconombank, is now up to Gekko's target of the low 40s, up from 28 last August and a hair over 36 in February. The word now is that the bank debt will be converted to restructured paying paper by September 15.

But not all Russian paper has done well. The prices of shares in Russian companies are still off sharply since the beginning of the year. There are not even enough real price quotes to make any index a meaningful one. What I can say is that a number of the cleverer Russians who were staking their futures on a liquid stock market are calling up with new daytime phone numbers.

This makes sense. The Communists are not likely to win an outright victory. But they and the people behind them will get a bigger cut of the action. They believe their piece should in part come out of the speculators in Russia's patrimony, i.e., the equity market. As far as they're concerned, stockholders and the Mafia are pretty much the same thing. They take a very different view of the old Soviet debt, however. That, the Communists say without equivocation, will get paid. Why not? The Western bank loans went to the Communist state, to pay for a centrally planned economy. As Zyuganov told a friend of mine in late April, "The economy will be run by Gosplan, and the Finance Ministry will be reduced to its proper role as a group of accountants." I see.

So now you should sell the "dollar Vnesh" before we find out exactly what kind of deal Yeltsin and his crew have cut with the new CP. Most of the good news is now in the 40s price. Use your profits to set up a Russian-speaking real-estate agency in Miami's South Beach. The kind of folks you'll see in the next wave of Russian émigrés seem to like the place.

■ I read in *The Weekly Standard* that we might as well give up on Bob Dole. Truly, these people have the staying power of French pols in the last days of the Third Republic. But while they're preoccupied with finding Harold Ickes's unlisted phone number so that they can surrender, let's look at the real prospects for our side.

To begin with, we'll concede that Bob Dole is not a style dictator with the stature of a Jean Paul Gaultier or an orator with the power of Jesse Jackson. And no, he is not the Man with a Plan.

He is, however, a U.S. citizen over 35 years of age and he is running against an incumbent President on the ticket of a major party. That's what counts now. Nobody, not even Clinton or his Democratic colleagues, thinks Dole will screw up badly if he's elected. This election is a referendum on Clinton, and more than anything else turns on the performance of the economy while he has been in office.

In truth, Clinton doesn't deserve much of the credit or the blame. Perhaps this will come as a revelation to our policy-freak colleagues within the Beltway, but in this country not everything depends on whether or not they get a job in a Republican Administration. The long-term conservative trend has remained in place, and the economy pulsates to its own rhythms.

Those rhythms affect how people perceive the success of a Presidency. And whatever the polls say, Dole's prospects have actually been improving. Early in the campaign cycle, economic data are more useful than opinion polls in predicting the outcome of an election.

The best economic model for election prediction is probably Ray Fair's. Fair is a Yale economics professor. His equation is a way of fitting a curve based on inflation and growth numbers that would predict the election results since 1916. He doesn't really care who wins the election—he just wants his model to work.

When I last talked to Fair for our December 25 issue, the consensus growth forecast for 1996 was +2.5 per cent in real terms. I had my doubts about the number—it did come from CorporateLand after all—but when we plugged it into his model, it showed Clinton getting a 49 per cent share of the two-party vote. Now, though, even the International Monetary Fund is looking for no more than a +1.8 per cent real growth number for 1996. With the IMF number, Clinton's share drops by another two-thirds of a percentage point, to 48 per cent and change. There is a standard error of 2 per cent in the equation. But the trend is going the right way.

Memo to Washington hostesses: Keep sucking up to Bob.

■ And memo to investors: Go long on gold (the metal) and short gold stocks—the ratio is out of line.

—JOHN DIZARD

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A DEBATE

Republicans and Quotas

Is the current quota system the making of conservative Republicans? And what can be done now to dismantle it?

PAUL CRAIG ROBERTS & LAWRENCE M. STRATTON

IT IS taken for granted that Republicans are insensitive to the plight of racial minorities. For example, in his 1995 book, *Nixon's Piano*, historian Kenneth O'Reilly condemns Richard Nixon for orchestrating an image as "the white man's champion against the special pleadings and privileges of the blacks."

In actual fact, the hardened system of racial quotas under which Americans live is almost entirely the work of white male conservative Republicans.

It was President Nixon's secretary and undersecretary of labor, George Shultz and Laurence Silberman, who gave us the first racial quotas in 1969 with the Philadelphia Plan, which required quotas in federal contracting. It was Nixon's newly appointed chief justice, Warren Burger, who put the Court's imprimatur on the "disparate impact" standard that redefined discrimination from an intentional act to the absence of proportionate racial representation. Burger's 1971 *Griggs* v. *Duke Power* ruling gave the Equal Employment Opportunity Commission the legal grounds for its class-action lawsuits that forced racial quotas on private business.

Once the quota regime had been set in place by the Nixon Administration, subsequent Republican Administrations expanded it into every aspect of life. The assistant attorneys general for civil rights under Presidents Reagan and Bush, William Bradford Reynolds and John Dunne, used the Voting Rights Act to end local self-rule by imposing supermajorities on city councils and cumulative voting in county-council elections, as well as racially gerrymandered legislative and judicial districts.

Even farther reaching was Reynolds's participation in the assault on Yonkers, New York, for allegedly engaging in racism by placing public-housing projects in low-cost areas. In fact, when these projects were built, the original tenants were white. One hallmark of conservative jurisprudence is respect for the separation of powers. Judges are not supposed to legislate, and they most certainly do not have the power to raise taxes. Yet Reynolds and his team of lawyers, including Clint Bolick and Mark Disler, supported Judge Leonard Sand's order that the city be riddled with housing projects, requiring a 30 per cent tax increase and hurting property values throughout the city. While Judge Sand ground down Yonkers's constitutional rights and made a mockery of the separation of powers, Reynolds shielded him with absurd rhetoric branding Yonkers as "every bit as offensive as George Wallace standing in the schoolhouse door."

The feebleness of Republican opposition to racial quotas—which are unambiguously unconstitutional as well as illegal under the 1964 Civil Rights Act—permeates two new books by veterans of the Reagan Justice Department, Bolick's *The Affirmative Action Fraud*, published by the Cato Institute, and Terry Eastland's *Ending Affirmative Action: The Case for Colorblind Justice*, published by Basic Books. Both authors call for color-blind law and recognize that race and gender quotas contravene equality before the law. But Bolick undercuts his argument by accepting class-based preferences as an alternative. As he stated on CNN's *Both Sides with Jesse Jackson* on March 17, he sees nothing wrong with giving preferences to "socially and economically disadvantaged individuals." He told Jackson: "If you want to help disadvantaged people, do it on that basis, don't give advantage on the basis of color or gender. It's not fair." He doesn't explain why he thinks class-based privileges do not contravene equality before the law.

Moreover, Bolick accepts the disparate-impact defini-

Messrs. Roberts and Stratton are co-authors of The New Color Line: How Quotas and Privilege Destroy Democracy *(Regnery, 1995).*

ILLUSTRATION BY ROMAN GENN

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tion of discrimination, while attempting to argue against the quotas based on it. Like Chief Justice Burger in *Griggs*, and like George Bush's White House Counsel, C. Boyden Gray, Bolick mistakenly thinks that discrimination can be defined as the absence of proportionate representation in the workforce without that definition leading to quotas as the remedy. This leaves Bolick mired in unresolvable contradictions. He concedes that "the use of statistics is an accepted means of demonstrating a covert intent to discriminate," and in testimony before the California State Assembly's Judiciary Committee he said:

If one accepts that it is permissible for government to regulate the inner sanctum of individual conscience, what is the point of complaining about quotas?

"No one I know of is suggesting any change in the anti-discrimination arsenal . . . the entire adverse-impact doctrine where you challenge job practices that produce disproportionate results is an important part of anti- discrimination law." This is having your cake and eating it too.

Eastland's book, meanwhile, argues against quotas on the grounds that blacks are stigmatized by them. In the first place, this argument implies that quotas would be acceptable if they benefited blacks. In the second place, it is historically false. The aristocracy was elevated by its legal privileges, not stigmatized by them. Moreover, only conservative Republicans make this argument. Blacks themselves deny it, as do liberal Democrats, and organized minority groups are doing everything than can to defend their affirmative-action preferences. Obviously, they don't *feel* stigmatized by their privileged legal standing.

The reason conservatives such as Bolick and Eastland are susceptible to this sort of nonsense is that they accept the Supreme Court's usurpation of power in *Brown* v. *Board of Education*.

Bolick has lauded *Brown* as a "legal triumph." Eastland has called *Brown* "color-blind constitutional law." Actually, constitutional law had nothing to do with the case. *Brown* was decided on the basis of Gunnar Myrdal's argument that the Court must take over, because whites were too racist to end segregation by legislative means. The gist of the *Brown* opinion was captured by the *New York Times* headline announcing the decision: "A Sociological Decision: Court Founded Its Segregation Ruling On Hearts and Minds Rather than Laws."

For the explicit purpose of pushing the *Brown* case outside the realm of law into one where sociological argument could carry the day, Justice Felix Frankfurter arranged for two legal briefs, one by his clerk, Alexander Bickel, for the Court, and one by his former clerk, Philip Elman, for the Justice Department. The briefs concluded that original intent was too vague on the issue to be the basis for the decision. Conservatives who assert that *Brown* was decided on the basis of constitutional law are simply unfamiliar with the decision and the dynamics by which it was produced.

But, since Bolick and Eastland accept *Brown*'s embrace of judicial social engineering, it comes as no surprise that they accept the 1964 Civil Rights Act's replacement of persuasion and freedom of conscience with regulatory coercion. Barry Goldwater's argument that how people treat one another is "fundamentally a matter of the heart" carries no weight with Bolick or Eastland. Eastland also dismisses Nobel Laureate Gary Becker's argument that the market will eliminate job discrimination because it doesn't pay; Eastland finds this "unpersuasive," and says it puts "economic values ahead of nondiscrimination." If one accepts, as do Bolick and Eastland, that it is permissible for government to regulate what Goldwater called the inner sanctum of individual conscience, what is the point of complaining about quotas?

WITH pedigreed Reagan Republicans taking such a weak position, it is understandable that the first Republican Congress in four decades has taken no action against racial quotas. The Dole–Canady bill appears to be a mere talking point that the Republicans have no intention of actually legislating. And even if they did, the bill only terminates, at best, Federal Government quotas. It leaves in place the multitude of quotas that have been forced upon private business.

However, congressional Republicans have received a wake-up call from an unexpected quarter: a federal court has pointed out the utter unconstitutionality of a system in which civil rights vary by race and sex. On March 18, the Fifth Circuit Court of Appeals ruled (*Hopwood* v. *State of Texas*) that racial quotas in university admissions are unconstitutional. Drawing on various Supreme Court decisions, the appeals court said that the central purpose of the Equal Protection Clause "is to prevent the States from purposefully discriminating between individuals on the basis of race." It found that this unconstitutional behavior was precisely what Texas was doing in the case of law-school admissions, and it ruled "that the University of Texas School of Law may not use race as a factor in deciding which applicants to admit in order to achieve a diverse student body." The court ruled that "diversity" is not a compelling state interest that justifies the creation of racial privilege. The diversity standard "treats minorities as a group, rather than as individuals" and fosters the creation of

"Here with an opposing viewpoint to that of our station manager is Harold Q. Fenton . . . Oh, my—we seem to be experiencing technical difficulties."

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group law. Having different laws for different groups "contradicts, rather than furthers, the aims of equal protection."

The March 18 ruling is the first time since racial quotas were foisted on an unsuspecting country that a federal court has acted to disentangle constitutional law from the whims of social engineers. This gives the timid Republican Congress the opportunity to end the divisive debate over racial quotas overnight and reclaim the U.S. Constitution. All Congress has to do is to enact the ruling as a federal statute. If Congress can find its own courage, the Fifth Circuit's courageous exercise of common sense can help to save us from a Bosnian future, and we can get on with the business of being Americans. □

RESPONSE
Not Our Quotas

TERRY EASTLAND

ACCORDING to Craig Roberts and Larry Stratton, "the hardened system of racial quotas under which Americans live is almost entirely the work" of Republicans. Almost entirely? The Democratic Administrations of John F. Kennedy and especially Lyndon B. Johnson contributed to the development of federal preferential policies. The legal authority for the Philadelphia Plan, cited by Roberts and Stratton, was Executive Order 11246, issued by Johnson in 1965. Johnson's labor secretary, Willard Wirtz, presided over enforcement efforts premised on proportionate representation in the workplace. Meanwhile, over at the freshly created Equal Employment Opportunity Commission, staffers decided that the definition of employment discrimination in Title VII of the Civil Rights Act of 1964 was much too narrow: discrimination did not need to be intentional, as the statute provided; rather, it should be defined in terms of disparate impact. It was this bureaucratic revision of Title VII, largely accomplished before Nixon took office, that the Supreme Court ratified in *Griggs*, an 8 to 0 ruling that won the support of Justices appointed by Presidents of both parties

Roberts and Stratton saddle the Nixon Presidency with much of the responsibility for quotas. Is one really to think that a President Humphrey or McGovern would have prevented the development of preferential policies? Though the Carter Administration supported preferences at virtually every turn, including in three important cases in the Supreme Court, Roberts and Stratton do not mention its substantial role, preferring to target only Republican Presidencies. The authors write that the Reagan and Bush Administrations "expanded the quota regime into every aspect of life." But the history of those years hardly allows such a sweeping judgment. Many preferential policies persisted during the 12 years of Reagan and Bush, and some new ones were added. But other such policies were ended. Reagan was the first President publicly to take on preferences—surely a significant political fact—and within months of his assuming office his Justice Department, under William French Smith, ended the practice of seeking quota remedies in Title VII cases. By the mid 1980s, the EEOC under Clarence Thomas had followed suit. The Bush Administration unfortunately accepted the codification of the disparate-impact standard in the Civil Rights Act of 1991, but its opposition to preferences prevented that bill from being as bad as it would have been had Michael Dukakis been President.

Astonishingly, Roberts and Stratton have nothing good to say about the career of William Bradford Reynolds, assistant attorney general for civil rights from 1981 through 1989. The authors focus on the Yonkers case, inherited from the Carter Administration, and voting-rights enforcement, shaped by the 1982 extension of the Voting Rights Act (which, the authors gracelessly neglect to point out, Reynolds himself had opposed). However much one may fairly criticize Reynolds for actions taken in Yonkers (a case, by the way, of intentional discrimination) and on voting rights, no one can fairly treat his tenure by discussing only these areas, a witless reduction akin to judging Cal Ripken in terms of his errors.

During Reagan's first term, Reynolds not only carried out the Justice Department's anti-quota policy in Title VII cases, but also battled against preferences in the federal courts with courage and determination. For his steadfast opposition to preferences, and more specifically for his failure to impose a racially gerrymandered district upon Louisiana, the Senate rejected his 1985 promotion to the number-three position in the Justice Department. Undaunted, Reynolds remained at his civil-rights post. Reynolds's greatest success against preferences came in a series of cases decided by the Supreme Court in 1989. In these cases, which he had pushed before leaving office, the Court issued doctrine designed to rein in the use of preferences.

ONE case was *Richmond* v. *Croson*. At issue was the constitutionality of an ordinance in Richmond, Va., that set aside 30 per cent of the city's contracts for minority-owned firms. The 6 to 3 decision was written by Justice Sandra Day O'Connor, a Reagan appointee. *Croson* is the decision that led to the Fifth Circuit's decision in *Hopwood*. Of the three judges who sat on the panel, two were appointed by Reagan, the other by Bush. Why didn't Roberts and Stratton acknowledge that in *Hopwood* Reagan–Bush appellate judges were applying a Supreme Court opinion written by a Reagan Justice?

Roberts and Stratton include me in their Republican Hall of Shame evidently because I served in the Reagan Justice Department and hold views that, while in some essential respects the same as theirs, are importantly wrong. Roberts and Stratton say that in my new book, *Ending Affirmative Action*, I describe the *Brown* decision as "colorblind constitutional law." What I actually say is that Thurgood Marshall argued for colorblind constitutional law—"that the Constitution is colorblind is our

Mr. Eastland, the author of Ending Affirmative Action: The Case for Colorblind Justice, *is editor of* Forbes MediaCritic *and a fellow at the Ethics and Public Policy Center in Washington, D.C.*

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dedicated belief," he told the Court on behalf of the NAACP. I then observe, "The Court did not base its conclusion [namely, that "in the field of public education, the doctrine of 'separate but equal' has no place"] on the colorblind argument it was offered." Obviously, I do not say in this book what Roberts and Stratton say I say. Moreover, in my first book on affirmative action (*Counting by Race*, co-authored with William Bennett and published in 1979) I criticized the Court's attempt to root its *Brown* holding in sociology. Roberts and Stratton's willful misreading of *Ending Affirmative Action* amounts to a complaint that I did not write *their* book, which is preoccupied with the ill reasoning of *Brown* and its deleterious effects.

My concern in *Ending Affirmative Action* is to tell the story of colorblind law, which was advocated by the abolitionists of the early nineteenth century, by Justice John Marshall Harlan in his great dissent in *Plessy* v. *Ferguson*, and by Marshall in *Brown* and other cases. At a time when defenders of racial preferences quickly dismiss colorblind law and government, it is important to confront them with the fact, as Andrew Kull of the Emory Law School has well stated it, that "over a period of some 125 years . . . the American civil-rights movement first elaborated, then held as its unvarying political objective, a rule of law requiring the color-blind treatment of individuals." How this endeavor can be confused with suggesting that judges should legislate policy is mystifying.

Roberts and Stratton's misreading of my book amounts to a complaint that I did not write their book.

Roberts and Stratton also fault me for "feeble" opposition to quotas. Though they concede that I "recognize" that quotas "contravene equality before the law," they nonetheless are bothered that I argue against preferences "on the grounds that blacks are stigmatized by them." This argument is feeble, according to Roberts and Stratton, because blacks don't *feel* stigmatized by preferences.

Affirmative action has guaranteed a greater salience of race and ethnicity in our society, thus making it harder to overcome the very tendency the civil-rights movement once so rightly condemned—that of regarding people in terms of their racial and ethnic groups. By formally drawing racial and ethnic lines, affirmative action invites judgments about the abilities and achievements of those who are members of the preferred groups. One persistent judgment is that those who received a benefit through affirmative action could not have secured it on their own. In many cases, this happens to be true. Affirmative action thus can be "a mark or sign of defect" (to quote the dictionary definition)—regardless of what the recipient of affirmative action thinks about it. Affirmative action also can stigmatize those eligible for it who are not its beneficiaries—those who can succeed on the same terms as those who are not eligible for it. This is so because people tend to generalize in the absence of particular knowledge. The generalization encouraged by affirmative action is that "minority" equals "affirmative action" equals "lower standards," and the inference drawn is that affirmative action explains minority success. Tragically, this process of generalization and inference trails many minorities who make their way without the "help" of any preferential treatment.

In his concurring opinion in last year's *Adarand* case, Justice Clarence Thomas wrote that preferences "teach many that because of chronic and apparently immutable handicaps, minorities cannot compete . . . without . . . patronizing indulgence. These programs stamp minorities with a badge of inferiority." Properly understood, Thomas's argument is a policy argument, not a constitutional argument, but it is no less forceful for that.

Roberts and Stratton reject the Civil Rights Act of 1964; I support it. This is not to say that I fail to take seriously the argument raised by some economists against Title VII; theirs is a powerful argument but not finally persuasive because, as I explain in my book, there are costs to discrimination in our society that cannot be stated in purely economic terms.

Roberts and Stratton call on Congress to enact as a federal statute the *Hopwood* decision, which addresses admissions preferences in public higher education. With characteristic imprecision, they do not tell us whether they mean Congress should legislate with respect to admissions preferences in public higher education only, or in public and private higher education, or with respect to preferences in all public programs of any kind, or in all public and private programs of any kind. Moreover, in one important respect the Dole–Canady bill goes further than *Hopwood*. Dole–Canady says, in effect, that there is no rationale strong enough to warrant the use of race- or sex-based preferences by government. But *Hopwood*, following *Croson*, would concede the possibility of a government-sponsored racial preference in certain, very clearly defined remedial circumstances. Which is to say that the Court has not yet fully embraced the idea of colorblind government. Congress could do so, by enacting Dole–Canady.

MY BOOK is an argument for ending policies of preferential treatment. The title also reflects a reality—that as a nation we have begun the process of ending preferences. To what degree we will do so is of course unclear. But the *Croson* and *Adarand* decisions are having their effects in the courtroom, and preferences sponsored by government at all levels are in the political dock. Consider that the California Civil Rights Initiative would end preferences used by the state and by local governments in California, while Dole–Canady would eliminate preferences sponsored by the Federal Government. Notwithstanding their odd preoccupation with attacking Republicans and conservatives, I would hope that Roberts and Stratton would agree that the time has come to make sure that all levels of government throughout the United States govern impartially, without regard to race. □

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THE BLACK DEATH, THE OLD MAN, THE MARKET CRASH FROM HELL!!

THERE'S a storm coming to the stock market, a wild, terrible storm – a stock market from hell. Most investors, institutional, individual, or whatever are not ready for that fury; they will not even notice it when the financial slaughter begins. No matter, that market catastrophe is coming; count on it, the catastrophe is coming. By the time it runs its bloody course, it will have savaged not only the savings, but the plans, the dreams, the aspirations of so many, especially of those who can least afford to lose – those with a modest portfolio, those who own shares in a mutual fund somewhere. It is they who will not survive the market fury, and be assured, the fury is coming.

In the Middle Ages, they thought of the Black Death as the hooded and cowled spectre who was holding a scythe and who appeared out of nowhere, to the serfs in the field, and to the revelers in the castle. Today, the stock market has its own hooded spectre beating at the gates. The mutual fund industry, the market shills on television and in the print media are making so much empty and foolish noise, they've made themselves deaf to that constant, intrusive pounding. The market has become little more than a fool's revelry, you do not have to share in those fools' predictable stock market fate. The Old Man's Notebook will keep you from serious financial loss, no matter who you are, Chief Executive Officers or Odd Lotter, no matter how vast or how limited your market experience, no matter how large or modest your portfolio. The Old Man's Notebook will keep not only this market but any market from ever harming you again, ever. Think of The Old Man's Notebook as a financial antibiotic to be used against the financial version of the bubonic plague. What others offer are only ambulates, potions, and spells. Compare the other stock market guides against each other; The Old Man's Notebook stands alone; it's sensational.

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Crossroads

Are we at a major market juncture? All the signs indicate that we are—and in no small part because we are also at a major political juncture.

LAWRENCE KUDLOW

WHAT a difference an era can make. When free-market entrepreneurial economics were revived during the Age of Reagan, and classical thinkers such as Friedrich Hayek, Milton Friedman, and Joseph Schumpeter replaced John Maynard Keynes, John Kenneth Galbraith, and Paul Samuelson, the American economy flourished on a grand scale.

From 1982 to 1995, the Dow Jones industrial average increased 300 per cent (adjusted for inflation), or 11 per cent per year. All told, a phenomenal performance. Along the way, roughly 100 million Americans who own stocks and bonds (through brokerage accounts, mutual funds, IRAs, and other retirement plans) saw their net worth go up by an extraordinary $10 trillion, a 176 per cent gain, which annualizes to 8.1 per cent. From this rising wealth base, the U.S. economy created 29 million new jobs and produced a whopping 43 per cent gain in real disposable income. No other G-7 industrial nation has come close to this performance. It's a fact. You can look it up.

During the prior Age of Inflation, which I mark as 1965 to 1982, Democratic and Republican Presidents alike practiced Keynesian fine-tuning, delinked the dollar from gold, inflated the money supply, raised taxes, imposed wage and price controls, and maintained tight government regulation over key economic sectors such as banking, transportation, and energy. Meanwhile, the U.S. stock market *declined* by 67 per cent (adjusted for inflation), dropping by an average of 6.5 per cent per year.

Mr. Kudlow, NR*'s former economics editor, is economic counsel at Laffer, Canto & Associates.*

Of course, in recent years Reagan's tax-cut policies have been compromised, first by George Bush and then by Bill Clinton. But the damage so far has been manageable, and the tide has not yet turned back out to sea. The top income-tax rate, which stood at 70 per cent during the Age of Inflation, is now holding at 40 per cent. The 28 per cent capital-gains tax rate is much lower than the 45 per cent during the 1970s. Corporate-income-tax rates are in the low 30s, compared to their hefty earlier perch of the mid 40s. The inflation rate in recent years has hovered near 2 per cent; it was 10 to 15 per cent during the last years of the Age of Inflation. Interest rates today run from roughly 5 to 7 per cent; they were 15 to 20 per cent 15 years ago.

Just as important, although Reagan himself has departed from the public square, his *spirit* lingers on, especially among the new generation of business leaders that was spawned during the Eighties. These men and women came to live by the Schumpeterian growth model of innovation and risk-taking. They started new businesses on a massive scale, they modernized business practices through downsizing and consolidation, and they instituted sophisticated financial-management techniques every step of the way. Their footprints are found throughout the economy, in computer tech, telephone tech, information processing, autos, utilities, transportation, steel, textiles, and electronics.

"Dad, tell me about the bears and bulls."

And they went global. For it was Reagan who first opened free trade in Latin and Central America, then negotiated throughout the Pacific Rim, including China, and it was Reagan's political economy that caused Soviet Communism to implode, thus re-opening Central and Eastern Europe, then South Asia, and even kindling hope in the Middle East. In short, American—not German, not British, not Japanese, but American—business has provided the leadership and cutting-edge management infrastructure for the worldwide spread of democratic capitalism.

All that said, there is however a growing sense, at least in stock-market circles, that the best of our story may have passed. In recent months the market has stalled, interest rates have again started to rise, and inflation risk is in the air. A year ago, buoyed by the Republican capture of both houses of Congress, many believed that 1995 would bring a new installment of Reagan's agenda: another round of pro-growth tax cuts, serious entitlement reform, more deregulation, and substantially smaller government.

Yet none of this came to pass. Speaker Gingrich showed himself to be a shrill, uncompromising, and unpopular figure, unable to grow into the job. As a unit, the House Republicans were obsessed with dreary numerical budget formulas and the politics of austerity and sacrifice. Gone was Reagan's mes-

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sage of optimism and growth. By early 1996 the Contract with America was dead in the water, and its underlying policy agenda of tax cuts, smaller government, and cultural reformation had been tattered and muddled.

WHAT'S more, politicians ranging from Pat Buchanan to Dick Gephardt have emphasized the darker side of the economic story. Real median family income, they have been pointing out, has slumped in recent years after recovering nicely during the 1980s. And Social Security and Medicare payroll-tax increases have eroded take-home pay.

Of course, when measured *properly*, the worker wage story over the past twenty years is quite a bit more respectable. Wage data exclude a sizable chunk of the modern worker's real compensation: health care, retirement, vacations, holidays, sick leave, and so on. When those generally untaxed benefits are added in per-worker annual income has been rising at a rate of 1.4 per cent. And, as the wealth numbers suggest, *somebody* has made good money. Even going back to the early 1970s, real per-capita consumption has averaged 1.7 per cent yearly increases.

Whatever the correct data, though, today's political reality reflects a cranky *attitude* of restlessness, irritability, and discontent among a major population segment. Many middle-income workers—one might think of them as Reagan Democrats—simply do not believe they have the financial resources to take care of their businesses or their families. In social and cultural terms the deck is stacked against them: racial quotas, illegal immigration, liberal courts, no-fault divorce, generation X dress codes, rampant welfarism, schools without prayer (or education), and government opposition to moral standards. To defend against moral slippage—by putting their kids into private or parochial schools, for example—middle-class folk need financial resources.

For this group, President Clinton's tired old big-government nostrums just won't work. Nostalgic for the social-insurance welfarism of Germany, France, and Sweden, Clintonites such as Robert Reich, Laura Tyson, Jeff Bingaman, and Byron Dorgan have come up with a program of higher minimum wages, more health care, more federal education money, more union power, more caps on executive pay, more community investment schemes financed by corporate pensions, and more limits on layoffs and restructuring.

Fact is, nearly everyone in America knows this stuff won't work. It never has. Just look at Europe, where a social-democratic model has maintained double-digit unemployment and blocked private job creation. More to the point, American politics has never favored class warfare or zero-sum economic pessimism. A few months ago a *Reader's Digest* poll showed that "Americans in nearly every group—across racial, economic, age, ideological, religious, educational, and sexual lines—had the same median response: A family of four with an income of $200,000 should pay no more than 25 per cent in all its taxes combined." Polltaker Everett Ladd called it "the single most extraordinary finding in the history of domestic-policy polling in the U.S. . . . America is probably the only country in the world where there are no significant differences by party or class in the 'ideal' fair tax." In other words, class warfare doesn't work.

But you cannot beat something with nothing. At this point, future economic policy and the stock market both stand at the crossroads. It is up to Senator Dole to renew and reinvigorate the

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optimistic economics of Ronald Reagan. This presidential election will not be fought over income inequality and redistribution, or over austere numerical balanced-budget plans, unless Republicans allow it to happen. And if they allow it to happen, they will lose.

To regain the political and economic high ground, the GOP should hark back to the 1993 gubernatorial campaign of underdog candidate Christine Todd Whitman. During the final weeks of her uphill quest, Mrs. Whitman hammered home one simple, clear message to the voters of New Jersey: "You will spend your money more wisely than the government will." On this impeccable premise, her plan to slash income taxes across the board catapulted her to victory over incumbent Jim Florio, who had enacted the largest tax increase in New Jersey history. And it was Mrs. Whitman's plucky adherence to a bold economic growth plan that started the national Republican Party on the road to political resuscitation in the aftermath of George Bush's devastating defeat.

For Senator Dole, who campaigned hard for Mrs. Whitman, the lessons are very clear. Across-the-board income-tax cuts generate a powerful message of traditional family values because they show *trust* in ordinary people, who will spend their own money more wisely than government will. American families are more than willing to accept the risk and responsibility of making personal choices with regard to education (vouchers), health care (portability and medical savings accounts), and retirement (unlimited IRAs invested in private markets).

Add to the merits of personal responsibility the related demand for governmental accountability. Taxpayers insist that large-scale entitlements such as welfare and Medicaid be turned over to the states, where legislatures and governors will be more responsive to voter preferences than far-away Washington. People are increasingly convinced that generational welfare dependency, alcohol and drug addiction, family break-up, unlimited abortion on demand, and recidivist criminal pathologies are more closely

Unlimited IRAs

UNDER current law, individuals are allowed to contribute a maximum of $2,000 a year to an Individual Retirement Account. Assuming a 5 per cent nominal return, a 60-year-old worker with 5 years to retirement who saves a fixed amount every year accumulates a nest egg that is worth 5.5 times the annual savings net of personal income taxes. That is, after paying the tax on his IRA withdrawals, the saver is left with his principal investment plus a capital gain equal to 50 per cent of the annual investment. As the investment horizon increases, so do the benefits. If the saver is a 40-year-old with 25 years to retirement, the after-tax lump-sum distribution grows to 47.7 times the annual investment, with a cumulative after-tax capital gain equal to 22.7 times the annual investment.

The combined impact of higher rate of return and longer investment horizon are multiplications. An increase in the nominal return from 5 per cent to 15 per cent and a lengthening of the investment horizon from 5 years to 25 years result in a lump-sum distribution after personal income taxes equal to 212.8 times the annual investment, a capital gain of 187.8 times the annual investment.

Of course, the economics of non-IRA savings are quite different, because the interest generated by the savings is subject to ordinary income taxation. If on top of his $2,000 in IRA contributions a person decides to save an additional $100 annually, what happens?

Consider the case of the 60-year-old worker who earns a before-tax return of 5 per cent. After 5 years he will have accumulated 5.3 times his annual savings. The capital gain declines from 50 per cent of the annual investment in an IRA to 30 per cent in the case of regular savings. Thus the IRA program yields 3.77 per cent more than the regular savings account.

	IRA			Regular Savings		
Years	5%	10%	15%	5%	10%	15%
5	5.5	6.1	6.7	5.3	5.6	6.0
10	12.6	15.9	20.3	11.5	13.2	15.2
15	21.6	31.8	47.6	18.6	23.3	29.5
20	33.1	57.3	102.4	26.9	36.9	51.5
25	47.7	98.3	212.8	36.6	55.2	85.5

Because the IRA program increases the yield of savings, it increases the incentive to save. Expanding the program would increase it further. The IRA expansion that would yield the greatest incentive is one where no savings were taxed. However, that option may run into some political problems. First, even though the higher savings rate may boost the economy, so that in the long run other tax revenues would increase, in the short run there would be an unambiguous tax-revenue shortfall. Second, complete tax exemption of IRAs raises political-fairness issues, because some incomes would no longer be subject to taxes.

Taxing IRA money when it is withdrawn, as is done under current law (back-loaded IRAs), addresses the fairness issue. We could solve the revenue timing problem by taxing the money *before* it is invested rather than upon withdrawal (front-loaded IRAs). Though it may seem counter-intuitive, front-loaded and back-loaded IRAs are equivalent on a net present-value basis.

Consider the case of a 63-year-old saver who opens an IRA with $100 and earns 10 per cent for two years. Upon retirement he will receive a lump-sum distribution of $121, which will be subject to taxes. Assuming the retiree is in the highest tax bracket (currently 39.6 per cent) the net-of-tax lump-sum distributions will be $73.08. If, instead, he chooses a front-loaded IRA, his $100 contributions will be taxed immediately, and hence he will have only $60.40 to invest. Assuming he still gets a 10 per cent annual rate of return, at the end of two years he will receive . . . $73.08!

Since both programs allow for the tax-free compounding of savings, and both programs tax income only once, from the saver's point of view they are equivalent. However, from the government's point of view, front-loading the taxes avoids a short-term revenue shortfall removing the last excuse for limiting the amount of money Americans can protect from double taxation.

—VICTOR A. CANTO

Mr. Canto is president of Laffer, Canto.

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related to soul-sickness than to the absence of material benefits. Ordinary people intuitively know that working together, through local churches, synagogues, schools, charities, fellowships, and self-help groups, is the only lasting solution to our nation's social and cultural problems.

Of course, across-the-board income-tax-rate relief is not only a values issue: it is also an *economics* issue because of the favorable impact on incentives. Tax credits are more manna from Washington, part of the old model that elites know best. Bill Clinton is at home with his own scheme for tax credits because it preserves the centrality of governmental planning, prioritizing, and allocation. The Clinton Administration simply does not trust the populace. Because of this, it will never agree to income-tax-rate cuts. Senator Dole, however, is in a position to—and must—acknowledge that those who work harder, save more, and are willing to invest must be rewarded through the incentive structure of lower marginal income-tax rates.

Today, a family-owned business that grosses $50,000 per year pays income tax at a 28 per cent rate and Social Security/Medicare payroll taxes at a 16 per cent rate. In most of the twenty largest population centers, state and local taxes take another 5 per cent. So, right off the top, the combined marginal tax rate takes away nearly 50 cents of every middle-class dollar earned. Senator Dole must champion the forgotten middle class with a bold across-the-board income-tax cut. Lower tax rates, higher tax-bracket thresholds, and a payroll tax deduction are far more powerful instruments of growth than government-given tax credits. After-tax take-home pay will go up; fresh incentives to earn, work, save, and invest will rejuvenate overall economic growth. And people will have much greater opportunity to form their own priorities, run their own businesses, and care for their own children.

Income-tax relief can be seen as a down payment on future, more radical tax reform. Right now the Republican Party and the nation are split over which system would be better: a single flat-rate income tax or a national sales tax that replaces the income tax altogether. And after tax hikes in 1990 and 1993, a majority of taxpayers seem unwilling to give up large deductions for mortgages, charitable contributions, and state and local taxes in return for yet another politician's promise. Once the White House is returned to safe hands, presumably with a Republican Congress, there'll be plenty of time to thrash out the most workable plan.

Meanwhile, income-tax cuts will keep the focus on the individual. Right now the biggest tax burdens hit individuals, not businesses. The GOP is too quick to emphasize full depreciation expensing, or eliminating the capital-gains tax altogether, and not quick enough to address the combined burden of high payroll- and income-tax rates. On capital gains, for now, indexing would be just fine. But as Reagan understood full well, cutting income taxes is a populist issue, whereas cutting business taxes looks like and often is an elitist approach.

In Washington today economists are beginning to sense the middle-class public's growing desire for expanded economic growth. Thanks to back-to-back large-scale tax hikes in 1990 and 1993, this recovery cycle has produced yearly growth of less than 3 per cent, compared to a normal rate of better than 4 per cent. As a result, the nation has forgone nearly $2 trillion in income and nearly 6 million jobs.

But the solution is not to force the Federal Reserve into inflating the money supply. Already this year, fears of inflation have driven up interest rates. Investors are worried that government policies will shift toward easy money rather than tax cuts, lower budget spending, and deregulation.

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The Dole campaign should learn something else from Reagan's policy notebook: Inflation is caused by too much money chasing too few goods, *not* by growth. If across-the-board income-tax-rate cuts, along with higher-bracket thresholds, freshen economic growth incentives to produce more goods and services, then the larger volume of output would render the existing money supply *less* inflationary. Of course, when Paul Krugman and Larry Summers briefly worked on the staff of the Council of Economic Advisors during Reagan's first term, they argued that tax cuts would increase inflation. They were dead wrong. Smart men, wrong theory. Reagan had the story right. Now, Dole must draw from Reagan, not the Washington economic establishment.

The populist approach resonates with voters. It worked for Reagan, Whitman, Engler, Thompson, Symington, and Pataki, and it will work for Dole. Real simple: He raised them, I'm going to cut them. Across the board. For everyone. I led the fight in 1993, losing by only a few votes. Please give me a chance to finish the fight and win the war. People will spend their money more wisely than government will. The economy can grow by 3 per cent or more, with a steady dollar and no inflation. And folks will be freer to set their own moral standards in communities across the nation. I am optimistic about the ability of individual men and women to make our nation grow and prosper, and to supply jobs, income, and financial power well into the next century.

PS.: The stock market will signal that this is a political winner well before the November election is held. □

Capitalist Fools

Capital gains make ordinary Americans richer. Why is Congress against this?

STEPHEN MOORE

OF all the economically disastrous policies enacted by Congress over the past ten years, perhaps none rivals the 1986 increase in the capital-gains tax. Today, the United States finds itself squarely on the wrong side of the Laffer curve. We raise less money today with a 28 per cent capital-gains tax than we did ten years ago with a 20 per cent rate. In fact, the amount of tax dollars lost to the Treasury over the past eight years because of that rate hike is now estimated at $75 billion. With that much money Congress could by now have purchased a $100,000 house and a new Ford Mustang convertible for every homeless family in America.

All this did not dissuade Bill Clinton from vetoing the GOP's capital-gains tax cut late last year. To the utter frustration of both Main Street and Wall Street, Clinton for once acted against his own political self-interest—alas, out of pure economic stupidity, not out of righteousness.

Of course, the rationale for cutting the capital-gains tax is not to give Washington politicians more money to spend. The primary case for cutting is to allocate scarce investment capital more efficiently. High capital-gains tax rates effectively lock in the equity built up in Americans' assets—their businesses, ranches, stocks, and houses. The preachers of greed and envy in Washington forget that the capital-gains tax is an optional tax: millions of Americans shelter their gains from the long arm of the IRS by deferring the sale of their assets. This lock-in carries a high economic cost. It deters investment capital from flowing to its highest-value usage.

"You're a CEO? That's such a coincidence. I'm with the IRS."

The ratio of unrealized capital gains is near an all-time high. Economist Art Laffer estimates there are at least $6 trillion of appreciated capital gains in the American economy today—trillions of dollars of stored-up wealth patiently awaiting liberation. Opponents of the capital-gains tax cut complain that a rate cut simply rearranges Wall Street investors' stock holdings with little overall gain to the economy. Wrong. The function of capital markets is to value assets: to allow dollars to finance investments with the highest possible return. We *want* Americans to sell their holdings in declining industries and pour risk capital into potential twenty-first-century titans —America's next TCI, Intel, or Wal-mart.

For all the redistributionist babble about a capital-gains tax cut aiding Wall Street fatcats, it's not at all clear that a cut will benefit the stock market. Indeed, the short-term effect of a capital-gains tax cut is usually bearish. Michael Harkins, president of the money management firm Levy, Harkins and Co., predicts that for the first six months, a capital-gains tax cut "will act as a depressant [on financial markets] . . . no matter how bullish the long term." Why? Because it is likely to incite profit taking as investors cash in on their current portfolio holdings.

New York investment analyst Claudia Mott of Prudential Securities has carefully analyzed the market response to the last two capital-gains tax cuts: the 1978 cut from an effective rate of 49 to 28 per cent and the 1981 cut from 28 to 20 per cent. She discovered that in the first quarter following the rate cut, a flurry of selling sent stock plummeting—by about 10 per cent in 1978 and 14 per cent in 1981. But in the year after this initial sell-off, the stock market recouped its losses.

Much of the reinvested money tends to be steered toward high-risk, high-

Mr. Moore is director of fiscal-policy studies at the Cato Institute.

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Published in Conjunction with
The Claremont Institute

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A Thinner Blue Line

EDWARD J. ERLER & BRIAN T. KENNEDY

FEW Southern Californians have forgotten the sickening feeling that came over them when a small but growing mob in South Central Los Angeles, angered by the "not guilty" verdicts for four Los Angeles policemen, pulled Reginald Denny from his truck, beat, and nearly killed him. Nor have they forgotten what was an even greater cause for alarm, when the badly outnumbered Los Angeles police retreated in their cars from the flashpoint of the Rodney King riots, partly out of fear of bodily harm, but also out of an unwillingness to use the force—certain to be labeled "excessive" by the usual suspects—that would have been required to stop the violence in its tracks. Now, three years later, a review of internal crime statistics by the *Los Angeles Times* suggests that this unwillingness has become a cancer in the LAPD, and signals an alarming crisis of civil authority.

The backdrop of this crisis, documented in various recent studies, is a rise in violent juvenile crime in the United States. Princeton professor John J. DiIulio Jr. has chillingly explained current patterns and predicted future trends in this category. Not only are we looking at an increase in the number of young criminals—a "demographic crime bomb," in DiIulio's words—but the character of their misdeeds makes previous youth crime pale by comparison. Growing up in what DiIulio calls the "moral poverty" of the modern administrative state, today's "super-predators" are increasingly dehumanized and bereft of any concept of the future—hence even of fear of punishment.

BUT front and center in the current crisis, and the focus of our attention here, is the declining morale and effectiveness of what has become America's first line of defense against crime—law enforcement. Although in California there are three-strike laws for repeat felons and one-strike laws for violent rapists—legal reforms meant to check the worst tendencies of a liberal judicial system—the *Los Angeles Times* statistics show that the total number of criminals arrested is decreasing: there were 290,018 arrests by the LAPD in fiscal year 1990-91; there were only 189,364 in 1994-95.

It doesn't require a leap of faith to conclude that this declining arrest rate results from the demoralization of the LAPD that occurred in the wake of the King riots and the retrial and imprisonment of police officers Lawrence Powell and Stacey Koon. (And now the Clinton administration has urged the Supreme Court to uphold an Appeal Court's increase of these officers' prison sentences: see "Piling On," page West-6). The decline is certainly not due to a shortage of police: it comes at the end of a six-year period when LAPD ranks have grown from 6,900 to over 8,600. And, as the *Times* has noted, it comes also at a time when arrests by the smaller Los Angeles County Sheriff's Department have significantly increased.

Los Angeles Mayor Richard Riordan, who had hoped to replicate the result Mayor Giuliani achieved by increasing the number of cops in New York City—namely more arrests—has called the statistics showing the opposite in L.A. "very disturbing." "I think we should ask the [police] department to explain for the residents of Los Angeles what [the statistics] mean," he said.

Willie Williams, L.A.'s increasingly unpopular police chief, who was brought in from Philadelphia in 1992—soon after the King riots—has been slow to respond to the perplexing arrest numbers. Instead, in true Hollywood fashion, he has been promoting a new book. Defenders of Williams's pet policies—most notably "community-based policing" and a recruitment plan aimed at hiring more women, minority, and homosexual officers—say that the *quality* of the arrests under his leadership is up, even though the quantity is down. Huh?

(Continues on page West-5)

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WEST WORLD

■ A Los Angeles jury decided that the Menendez brothers should get life in prison for killing their parents, instead of the death penalty, but added that their tennis, jacuzzi, champagne, and massage rights should be somewhat curtailed.

■ Meanwhile Menendez lawyer Leslie Abramson was accused of directing a trial witness to alter notes. Rumors that Mrs. Clinton immediately asked her for help with Whitewater proceedings are not yet confirmed.

■ Just another Holy Week in Southern California. In a park in San Diego where Christians have gathered on Easter for forty years, the permit to meet this year was awarded instead to a group of atheists, witches, worshippers of Diana (the Roman goddess, not Ross), and Unitarians. Some beat drums and some shook tambourines, while others, according to newspaper reports, just "let the morning sun warm their faces." The theme of the service was—you guessed it—the separation of church and state. Meanwhile, a few miles to the north—at the nursery where two Riverside County deputies were videotaped using their batons on two Mexican nationals after an eighty-mile, high-speed chase—Jesse Jackson was praying for an end to "violence against illegal immigrants." Nor was the Rev. Jackson alone in his pious concerns. A few days before, Roman Catholic Roger Cardinal Mahoney joined in a pro–illegal immigrant protest march in downtown Los Angeles. So far no reports of any Holy Week prayers for the hardworking taxpayers of Riverside County, who are being sued for $10 million by the allegedly beaten illegals and their "consumer advocates" (i.e., trial lawyers).

■ A couple of months ago we noted the spiking of a "B.C." cartoon on Christmas by the *Los Angeles Times*. During Holy Week the *Times* spiked three more Johnny Hart strips for what it called (in a news story on the controversy) "aggressively urging [religious] affirmation on others who have not sought [proselytizing]." Three points come to mind. First, we are not talking heavy-handed proselytizing. The comics in question were clever, touching, and subtle, while, yes, inspired by a Christian faith. Second, the *Times* insults its readers by assuming they are either overly sensitive babies or intolerant anti-Christians who can't just skip over an occasional comic that may not interest them. Finally, the *Times* is full of liberal proselytizing—in the news, not just the editorial department—which we certainly haven't sought. But do you hear us whining or shouting "Spike the *Times*"? Well, okay, maybe now and then.

■ Notes from Willie Brown's San Francisco: 1) Amnesty has been granted to homeless people cited for camping overnight in the city parks. The Mayor explained that it is unfair to distinguish these people from, say, a businessman who is sitting in the park in the daytime reading a newspaper and happens to drift off to sleep. 2) The mayor himself won't be sleeping in any parks. He has his eye on an 8,000-square-foot mansion which was once inhabited by Admiral Chester Nimitz, part of the Naval Base on Yerba Buena Island which will be turned over to the city in September 1997. A Brown aide suggested the mansion be used as the mayor's "ceremonial residence, perhaps like a Camp David." 3) So that *everyone* in the city can sleep better, the Health Department is now distributing condoms, designed and tested only for women, to male homosexuals. Dana van Gorder, the Department's coordinator of lesbian and gay services, said that "we're making them available because some people may decide that they like them and want to use them." 4) Finally, actor Robin Williams regaled children with stories at the recent grand opening of S.F.'s new public library. The story reported to have been the best received was entitled "The Gas We Pass." In sum, business as usual.

■ A few months back we reported that Colorado Senator Ben Nighthorse Campbell had modeled for some humorous ads for the Banana Republic clothing chain, passing on his profits to a Cheyenne school in Montana. Well, he probably should have done it before crossing the aisle and becoming a Republican! One

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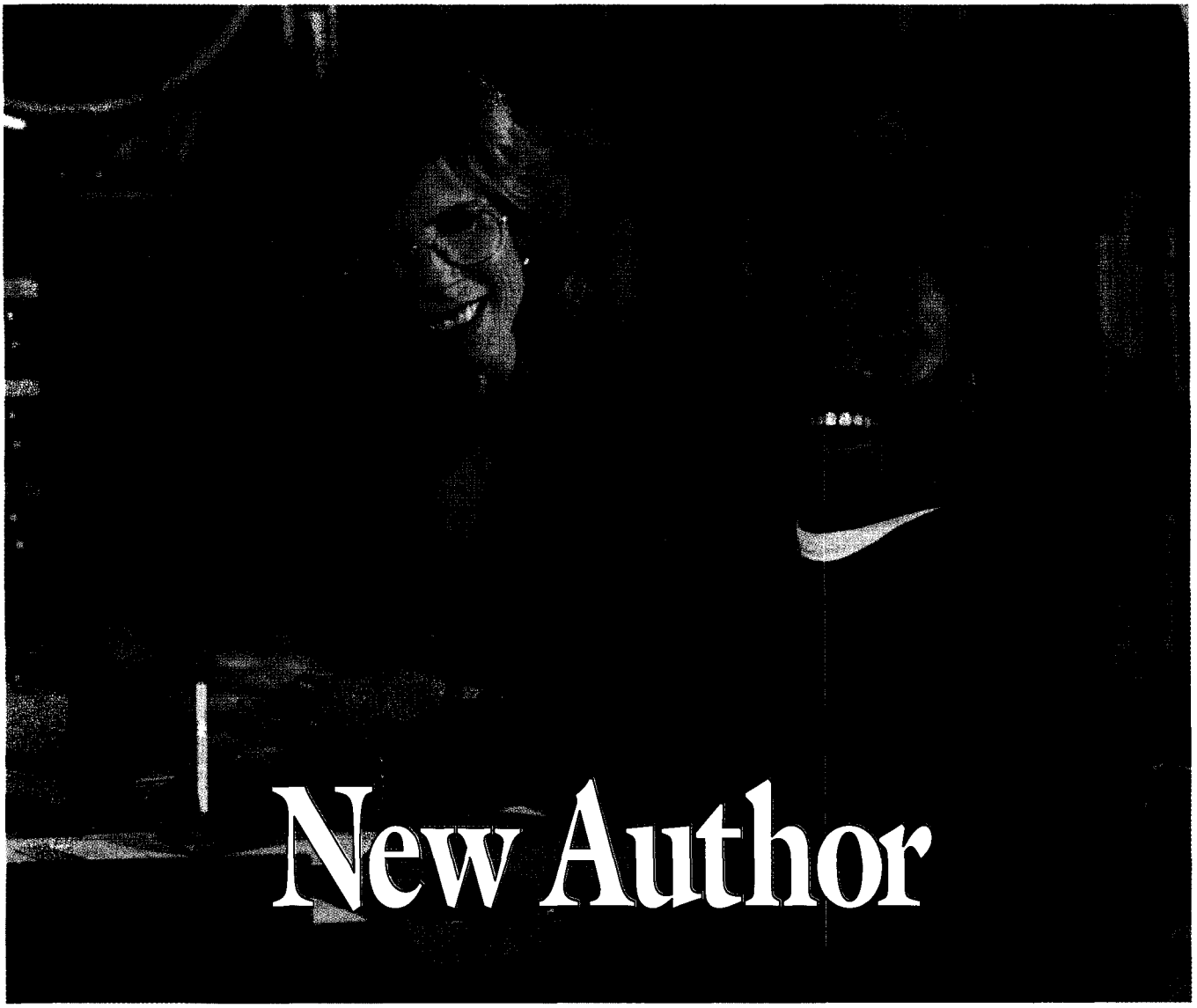

"Outstanding Student Author" Ramisi Gomes and Barbara Speicher, his teacher at Veeh Elementary in Tustin (Orange County)

Ramisi Gomes Was Inspired By His Teacher

Ramisi Gomes has tremendous talent, but at Veeh Elementary in Tustin last year he just wasn't focusing on his studies.

Fortunately, he had a fifth grade teacher who focused on him.

Barbara Speicher realized that Ramisi loves to write, and she worked with him long and hard to help him improve his skills.

Under her guidance, Ramisi wrote an essay on the Middle Passage, for which the school district named him Outstanding Student Author of the Year.

California's public schools now rank 50th in class size, the most crowded in the U.S.

Of course, Mrs. Speicher is quick to point out that Ramisi was lucky. California now has the most crowded schools in the country, and there's no way even the best teacher can give every child this kind of individual attention.

Our public schools need to hire more teachers and get our class sizes down. Then we'll see more outstanding authors like Ramisi.

nea

No Child Succeeds Alone

A message from the California Teachers Association • 1705 Murchison Drive • Burlingame, CA 94011

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Jonathan Turley, a law professor at George Washington University, got his humorless nose bent out of shape when he saw the ads. Campbell, it seems, opposes a Clinton Administration proposal to raise grazing fees on public lands. Turley believes this position disqualifies Campbell from modeling. So he called Banana Republic's corporate headquarters and threatened a boycott—at which point the chain backed down and pulled the ads. Either Turley buys a lot of clothes, or we now know why Banana Republic chose the bright yellow fruit as its symbol.

■ In a case before the Ninth Circuit U.S. Court of Appeal, the publishers of *Kinky* and *Swinger* magazines are charging that a California law regulating vending-machine sales of pornography is unconstitutional. The recently passed law does not eliminate the machines, but merely attempts to control their "secondary effects" on children by requiring the use of tokens or plastic cards restricted to adults. We don't expect the case to get far, because the courts have long ruled it acceptable to classify and separate "adult material" from children. And in order to do that, you need people at the point of sale to make judgments about the maturity of the buyers. Of course "maturity" is relative. If all porn consumers were judged by that criterion, who at all would be allowed to buy?

■ Jonathan Adler makes an interesting point in the *Land Rights Letter* (P. O. Box 1111, Gloversville, N.Y. 12078): Interior Secretary Bruce Babbitt has espoused a pantheistic philosophy upon which he grounds his opposition to reforming the Endangered Species Act. This outlook spills over into Babbitt's understanding of the Bible: he cites the story of Noah to condemn would-be ESA reformers as immoral. In the same vein, Roger Kennedy, the director of the National Park Service, has publicly endorsed the view that "wilderness is a religious concept" and that visiting a wilderness leads one to God. Adler concludes: "Are wilderness areas therefore churches? And, if so, is government establishment of wilderness areas unconstitutional? Something to think about the next time the Clinton Administration argues for separation of church and state."

■ Speaking of Mr. Babbitt, he was on hand at Page, Arizona, last month to push the button that opened the Glen Canyon Dam to flood the Grand Canyon. The aim is to remove debris that has built up over the years, open some back channels that have become blocked, and build up the beaches to previous levels. It will be some time before we know if this experiment works, but it seems sensible enough. Sensible isn't good enough for Babbitt, however. Reflecting the almost embarrassing sense of self-importance that seems to permeate the Executive Branch these days, he said the occasion marked "a new era in the way we live on the American landscape." Count us among those who hope not.

■ A leaked memo indicates that California's Governor Pete Wilson accepted donations from the tobacco industry, after saying he wouldn't. But he resisted the temptation to adopt as his campaign slogan, "Wilson leads good like a a governor should."

■ First it was reported that Jerry Garcia's widow and a fellow Grateful Dead band member, Bob Weir, traveled to India, waited for a lunar eclipse, and sprinkled Mr. Garcia's ashes into the Ganges River. That much made sense. Then one of Garcia's ex-wives, his brother, and four of his daughters publicly expressed anger that this had occurred, complaining that the Ganges is "the most polluted river on the face of the earth." And we could understand their position. But then the story broke that Garcia's family and friends were out on a boat sprinkling his ashes in the San Francisco Bay. That's where we got confused. Oliver Stone, call your office.

■ A well-known human-rights advocate and exemplar, Mexican President Ernesto Zedillo, in a fit of indignation over mistreatment of his countrymen by gringos, proposed that all U.S. Border Patrol agents be given courses on "Mexican human rights." We felt a fleeting sense of pride when a U.S. Justice Department spokesman announced the U.S. thought this unnecessary—fleeting because the spokesman went on to say that Border Patrol cadets are already enrolled in "sensitivity-training classes" conducted by the Mexican government. Perhaps we should school our Border Patrol in the latest ploy of illegal Mexicans—renting children to accompany them across the border, to take advantage of a U.S. policy to release rather than detain illegals apprehended with minor children. We wonder what Mr. Zedillo thinks of this use of kids, from a human-rights perspective.

■ Staff members of Oregon's newly elected Senator Ron Wyden made a lot of fun of the fact that his new office—the former office of soft-porn diarist Bob Packwood—had dimmer switches, ha ha. A random check of other senate offices, though, showed many with dimmer switches, including that of Packwood's most dogged critic, California's Barbara Boxer, ha ha ha. Actually, a more interesting survey might seek to identify the Senate's dimmer *wits*, but a slim majority in the World's Greatest Deliberative Body is probably just smart enough to refuse to take part.

■ Saying "Every child needs lactate nourishment," a woman in Eureka, California, has been grabbing babies from total strangers and breast-feeding them. President Clinton immediately put her at the top of his list of possible surgeon-general nominees.

■ The Utah Legislature banned gay and lesbian student clubs in the state's high schools. The students' attempt to get around the ban, by changing the clubs' name to "Future Clinton Cabinet Members Club," didn't work.

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ERLER & KENNEDY
(Continued from page West-1)

The fact is, in the wake of Rodney King and the ensuing critical report by the Christopher Commission, there has been a growing sentiment among Los Angeles police officers that only the most severe crime situations warrant attention. Every arrest is viewed as a kind of rational calculation: If I arrest a member of a protected race or class, there is a great likelihood that I will be the object of a complaint, a law suit, disciplinary action, or criminal charges. Thus only the most serious situations—as opposed to "ordinary crime"—are deemed worth the risk.

Every arrest is viewed as a kind of rational calculation: If I arrest a member of a protected race or class, there is a great likelihood that I will be the object of a complaint, a law suit, disciplinary action, or criminal charges.

The LAPD officers we spoke to were of one mind in this respect. As one put it: "If there is a call we respond, no question. If on the street we see something clearly out of line, we check it out. It is what I would call the 'potential-problem situation' that makes us think twice." This is the type of situation that occurs mostly at night and involves, e.g., suspicious gangs on the streets or cars containing several gang members. The odds that such groups are armed is very high, and gang attire (baggy pants, loose fitting shirts) makes concealment of weapons easy. Confrontation in these situations is doubly dangerous for policemen, a risk to their careers as well as their lives, given today's political climate—especially when no clear crime has been committed.

The *Los Angeles Times* has reported that some cops refer to this new mode of avoiding confrontation as "driving and waiving." And it hasn't been lost on the criminal population of L.A.'s roughest areas, like South Central, where the streets are now ruled in almost tribal fashion by gangs of juvenile criminals. The law-abiding folk who live in these areas are the biggest losers, living in abject fear in the knowledge that the police have decided out of prudence or calculation to no longer do everything possible to protect them.

One veteran police officer observes sadly, "Ten years ago we were on the streets and they [the criminals] knew we meant business. Things weren't perfect, but the people who lived in the bad areas at least knew we would be there for them. Now we are always looking to see if what we do will lead to some administrative review. You can see in the way these gang members behave that they think our hands are tied."

Again, this is not to say that LAPD officers are in any way reluctant to engage criminals when absolutely necessary. Indeed, many of them hope to be assigned to the city's more dangerous precincts, such as Rampart and 77th Divisions. Rather it's to say they are reluctant to act aggressively, as law enforcers have historically—and still do in many other parts of the country—because they know that their superiors and political leaders are no longer behind them if they do.

One interesting measure of the current situation is the belief we found among the officers we interviewed that things are getting worse in the inner city, despite the rosy interpretation placed on the new arrest statistics by the apologists of the administrative state. These policemen noted on the basis of first-hand experience exactly what academic criminologists have found—that the nature of crimes today seems to be getting worse, and that the level of fear among criminals seems to be diminishing.

Conservatives often bridle at the notion of increased police power, rightly wary of the excesses that too frequently result from modern government (witness Waco and Ruby Ridge). But absent a larger, more effective police department, and a re-examination of the administrative constraints and personal liability put on police, it is very likely that the most basic purpose of constitutional government—the security of citizens in their persons and property—will be further subordinated to the false claims that civil libertarians make on behalf of the civil liberties of criminals.

In an older America, where citizenship included self-governance and public spiritedness, the ability to regulate the police to do more *and* to do less was not a problem. Treating the police as criminals and the liberties of criminals as the primary focus of the justice system is a surefire formula for destroying whatever vestiges of civilization remain in Southern California. Motorist Rodney King was never prosecuted for the crimes he committed—the police were. Surely the Riverside County sheriff's deputies who were involved in the recent use of force on illegal aliens—aliens who endangered the lives of many citizens in a high-speed freeway chase—will be prosecuted to the fullest extent of the law (an FBI task force, at the direction of the Clinton administration, is investigating federal charges). Meanwhile the illegal aliens have been granted work permits to remain in the United States.

As the immortal bard might have said: Yea verily, 'tis a strange world indeed. □

Mr. Erler is a professor of political science at California State University, San Bernardino, and a member of the California Advisory Commission on Civil Rights. Mr. Kennedy is director of the Claremont Institute's Golden State Center.

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Piling On

DAVID H. MARTIN

THE infamous Rodney King arrest and the ensuing trials and riot are past history for most of us, but not for former LAPD officers Stacey C. Koon and Lawrence Powell, who were convicted of violating King's civil rights. Having served their thirty-month sentences as assigned by federal District Court Judge John G. Davies, Koon and Powell are awaiting a ruling by the U.S. Supreme Court as to whether they will serve additional prison time as sought by federal prosecutors and ordered by the Ninth Circuit U.S. Court of Appeal.

Under federal sentencing guidelines, courts have limited flexibility. Each crime has a numerical score, and each defendant is graded for his criminal history. Together these establish an offense level, corresponding to a range of months in which the judge has discretion. If he sentences within this range, no appeal is available. Based on certain defined factors he may depart upward or downward from the range. In case of the latter the prosecution may appeal.

Judge Davies wrote a thorough sentencing memorandum explaining his decision regarding Koon and Powell. Using the George Holliday videotape of Rodney King's arrest—of which television audiences saw an edited version, which didn't include earlier aggressive acts by King—Davies concluded that excessive force began at one minute seven seconds into the tape and continued for 19 seconds. He calculated the sentencing range by determining the underlying offense for the civil-rights violation—aggravated assault using a dangerous weapon (the police baton) with intent to do bodily harm—and arrived at an offense level of 27, calling for a sentence of 70-87 months. He then held that a downward departure was warranted by several factors: King's conduct in provoking the offense (speeding, driving while intoxicated, fleeing, refusing to obey lawful police commands, and attempting to escape); the unfairness of the defendants undergoing two trials (Koon and Powell were acquitted by a jury in a state court before being charged under federal law for the same offense); the punishment they had already suffered; their clean records; and the danger to police officers in prison. In the end Davies arrived at an offense level of 19, providing for a sentence of 30-37 months. He sentenced Koon and Powell to 30 months confinement and 2 years probation.

When the prosecution appealed this downward departure in the Ninth Circuit, a three-judge panel remanded the case to Judge Davies for re-sentencing. It concluded that he had wrongly departed on all factors, including King's prior conduct. The defendants requested an *en banc* review by all of the judges of the Ninth Circuit. This was denied, although nine of those judges dissented from the order.

The three-judge appeal panel reviewed Judge Davies's departure decision *de novo*—that is, without regard to his previous decision. Thus in spite of the fact that victim misconduct is expressly authorized by the sentencing guidelines as a ground for departure—and although the panel questioned neither Davies's factual findings nor his conclusion that, absent King's misconduct, the 19 seconds of excessive force would not have occurred—they reversed the downward departure.

"So, how long has he been gone . . . two weeks?"

The subsequent dissenting opinion by nine other circuit judges claimed that this *de novo* review conflicted with the flexible approach taken in the past and infringed on the District Court's sentencing discretion. It concluded that neither law nor justice required longer terms than were handed down by Judge Davies, who as the trial judge had a better feel for the case.

IN April 1994, Koon and Powell petitioned the Supreme Court for a Writ of Certiorari to review the Ninth Circuit decision. Last September the Court agreed to hear the appeal, limiting the Writ to the issue of sentencing guidelines. Arguments were heard on February 20. Koon and Powell argued that Circuit Courts must defer to District Courts when the latter apply sentencing guidelines to the particular facts of a case. Unless discretion under the guidelines is abused, review is inappropriate. The government argued that Circuit Courts have plenary power to review departure decisions *de novo*, and that Judge Davies had erred in granting the departure. King's prior conduct was irrelevant, they insisted, because his provocation was not an operative factor at the very time of the use of excessive force. The government also claimed that successive state-federal prosecutions are not unfair and that police are not significantly different from other individuals who commit crimes.

Apropos of the latter claim, at least one of Judge Davies's departure justifications was on the mark. When Stacey Koon was completing his sentence, the Bureau of Prisons transferred him to a half-way house facility at Roubidoux, California. On November 23, 1995, Randall Tolbert, a felon, broke into the facility to kill Koon, who had been released for an overnight Thanksgiving visit with his family. Enraged, Tolbert demanded to talk with Koon, and threatened him via telephone. Koon reported the situation to the police and Tolbert was killed in a shoot out with a SWAT team, but not before pistol-whipping one hostage at the facility and killing another. □

Mr. Martin, former director of the U.S. Office of Government Ethics, is chairman of the Law Enforcement Legal Defense Fund.

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Beyond CCRI

WITH the California Civil Rights Initiative (CCRI) helping to spark a national debate over affirmative action, Americans are confronted with the possibility of a new era in civil rights. The next few months could determine whether we will ground our future policy in the founding principles of individual rights and equal opportunity, or continue down the dangerous road of treating individuals differently according to their race. But as conservatives make their case, they should keep in mind that CCRI is only one side of the coin. Yes, we must resolve the issue of affirmative action. But we need also to address the topics of educational and economic empowerment.

CCRI can be an important step in ending racial set-asides and preferences. And indeed, if we wish to avoid further balkanization of our nation, such policies will eventually have to go. But simply eliminating affirmative action is not enough. It must be replaced by genuine equal opportunity. And, especially in the case of the most disadvantaged among us, this will require some positive reforms.

Conservatives routinely criticize the ideological excesses of establishment civil-rights groups, and argue that minorities deserve nothing more than equal treatment and the protection of a "color-blind Constitution." But in failing to flesh out the practical ramifications of the latter, they are repeating the mistakes of the past. As in the civil-rights era of the 1950s and '60s, many conservatives are failing to speak to the legitimate fears of minority entrepreneurs, business owners, job seekers, and students who believe affirmative action to be their only avenue into the American economy. This failure opens conservatives to accusations of attempting to "roll back the clock" on civil rights.

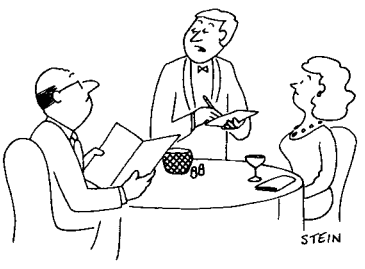
Mr. Ross is manager for governmental affairs at Southern California Edison.

We must answer these charges by expanding our arguments beyond CCRI. We must restate and define the principles of equal opportunity and individual rights as they were understood by the Founders, not only to show the defect of affirmative action, but to show the need to take some positive steps to maximize opportunity.

First, education. We should actively promote positive policies to expand educational opportunities for the urban poor. A particular emphasis should be placed on school choice and other means to return control over the character and quality of education to parents. Curricula should aim at preparing youngsters for citizenship, including competition in a free-market economy: they should be taught basic skills and basic values, including self sufficiency and respect for the rights of others.

Second, we should harness our opposition to affirmative action to a positive agenda to open up the economy to the urban poor. Here the chief barriers are government regulations. Prevailing wage laws, business license restrictions, and occupational licensing that have no relevance to public health or safety are among the policies that prevent able-bodied people who don't have the advantage of substantial capital from starting their own businesses. We should pledge their abolition.

Third, we must address the fact that our society currently tolerates unacceptably high levels of criminal behavior in our inner cities. Protecting the people's rights to life and property is government's most basic duty. And it is not being fulfilled: some of our citizens are in effect living in tyranny. In response, we should promote criminal-justice system reforms—from appointing strong anti-crime judges, to building prisons, to expanding local police forces—that place the civil rights of the law-abiding above the special rights of criminals.



"Excellent choice, sir—It's the official salad dressing of the 1996 Olympic games."

Modern conservatives could do worse than to take their bearings from the example of Abraham Lincoln. Lincoln too was faced with returning the nation to its original principles. He spoke of the "deepening influence" the equality principle would have, even though "never perfectly attained," if it were made "familiar to all and revered by all." But he always presented the positive as well as the prohibitive side of equality. To be sure, it prohibits the taking or granting of unequal rights. But on the flip side it leads to a system of "free labor—the just, generous, and prosperous system, which opens the way for all—gives hope to all, and energy, and progress, and improvement of condition to all."

LINCOLN also promoted the preconditions that would ensure all citizens a chance at succeeding in a free-market economy. "In a word," he said, "Free Labor insists on universal education." And he held that the logic of Free Labor requires that the oppressed in society—be it slaves then, or residents of neighborhoods dominated by violent criminals today—be relieved of their oppression by the action of government.

There is an opportunity today for conservatives to close ranks with minority citizens who are disenchanted with the views of establishment civil-rights groups. But it will require elevating the civil-rights debate to a new plateau. Conservative opposition to affirmative action must be augmented with an opportunity agenda. And conservative rhetoric, based on the principles of individual rights and equal opportunity, must take on the moral stature of the rhetoric of the early civil-rights movement. In short, it must explain how rejecting the ideal of "color blindness" begot our growing underclass, and how re-embracing it would engender far greater blessings than racial set-asides and preferences ever could.

—TOMMY ROSS

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growth opportunities in smaller, often start-up firms—Wall Street's young gazelles. Claudia Mott discovered that small-cap stocks (stocks of firms with smaller capitalization) are far more sensitive to changes in the capital-gains tax than large-cap stocks: they suffered greater losses in the short term and enjoyed about twice the gains in the longer term. "More investors were willing to invest in small caps when less of their potential gain would be going to Uncle Sam," she concludes.

Over the period 1968 to 1992, small and medium-sized firms outperformed large companies (the Standard & Poor's 500) in the year following a capital-gains tax cut. Large firms did relatively better after increases in the tax rate. "Smaller-capitalization stocks have greater sensitivity [to tax changes] because they tend to be capital-gains rather than income-oriented," according to a study by Merrill Lynch. The Merrill study's statistical analysis reveals that every capital-gains tax reduction of 5 percentage points translates into a 12.5-percentage-point higher return for small stocks relative to large stocks.

After both the 1978 and the 1981 rate cuts entrepreneurial activity in the U.S. soared. New commitments to venture-capital firms increased from $70 million in 1977 when the top marginal rate was 49 per cent to $5.1 *billion* by 1983 when the rate had been dropped to 20 per cent. This was a 700 per cent rise in capital raised for new firms.

The U.S. Civil Rights Commission reports that after 1978, when the capital-gains tax was reduced from 49 per cent to 28 per cent, "the number of black-owned businesses increased in a five-year period by one-third (to 308,000 from 231,200)." After the tax rate was cut down to 20 per cent, new black-owned businesses rose by an additional 38 per cent (to 424,000) by 1987. The Commission concludes that "The best hope of getting critically needed seed money into Los Angeles and other tense urban areas is by cutting the capital-gains tax."

Ultimately, capital-gains tax relief is a means of promoting compassionate capitalism. We need to steer capital in the direction of the small bio-tech firm racing to find a cure for AIDS, or the upstart Silicon Valley semiconductor firm trying to topple industry giants like Intel and Sun, or the black entrepreneur opening a dry-cleaning store in central Los Angeles.

So will there be a capital-gains tax cut some time in this century? Probably not as long as envy is the overriding political principle in Washington. There has always been something cruelly ironic about the fact that the United States, the land of capitalism and free enterprise, has about the most punitive tax treatment of capital gains in the industrialized world.

If Washington would finally cut the tax rate, we could expect a major migration of funds as hundreds of thousands of investors join the hunt to discover and finance America's next Bill Gates. And why not? A shrewd $20,000 investment in Microsoft shares ten years ago is now worth $1 million. Ownership opportunities like this are how ordinary Americans get rich. Only in Washington is that considered ignoble. □

Mad-Cow Money

Making big profits off of Mad Cow Disease is not just a load of bull.

CHRISTOPHER FILDES

MOST COWS are quite sane. They have the herd instinct, but so have markets. They can be panicked, but so can politicians. They can be milked, but so can taxpayers. That is the way to bet. Mad Cow Disease must offer splendid opportunities for making money.

In Europe, the market was mad long before the cows were. The prices of

(Continues on page 44)

Mr. Fildes is a financial columnist for the London Daily Telegraph *and the* Spectator.

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Are you better off . . .

NR *readers' post-tax inome has stalled, courtesy of government.*

PETER BRIMELOW AND EDWIN RUBENSTEIN

A SPECIAL finance issue of *NR*? Very nice—but how much, exactly, can *NR* subscribers finance?

Quite a lot, according to our stout-hearted publisher Ed Capano. Over a tenth of you (11 per cent) have annual incomes above $200,000. Over a quarter (26.4 per cent) have household net worth above $1 million.

But look at the story over time—since *NR* began in 1955 [*See chart, below right*]. We're estimating the inflation-adjusted income of the current median *NR* household (half of you above, half below): four persons, one earner, 1995 earnings $88,500—nearly twice the national average. And we're showing that income before and after federal taxes (income tax, Social Security, and Medicare).

One obvious conclusion: what *NR* subscribers are in fact financing is the Federal Government. Since 1955, the gap between the median *NR* household's pre-tax and post-tax income has just less than doubled.

Remember—this doesn't include state and local income taxes, or the effect of indirect taxes on the prices of goods *NR* subscribers want to buy.

Or taxation's effect on economic growth. This is the second obvious conclusion from our chart: Something is Going On Out There. Inflation-adjusted after-tax income for the median *NR* household is now only about where it was in early Nixon years—and significantly below the peaks it reached in the late Nixon years and under Reagan.

Some conservative commentators seem to regard talk of an inflation-adjusted income stall as a stain on the honor of capitalism. They argue that by some measures per capita income has increased over the period. (It has—but apparently because a higher proportion of the population is now working).

Or they insist we should look at "total compensation," which includes non-cash benefits like health insurance. (But we calculate that about 30 per cent of these "benefits" are actually taxes paid by the employer on the employee's behalf, like Social Security contributions. This just doesn't leave employees with the same warm feeling as a dollar in the pocket. In 1955, only 19 per cent of non-cash "benefits" were actually taxes.

(And anyway, the median *NR* household's total compensation in 1995, $123,812, was significantly below 1988's $127,790 and only some $10,000 above the 1973 peak.)

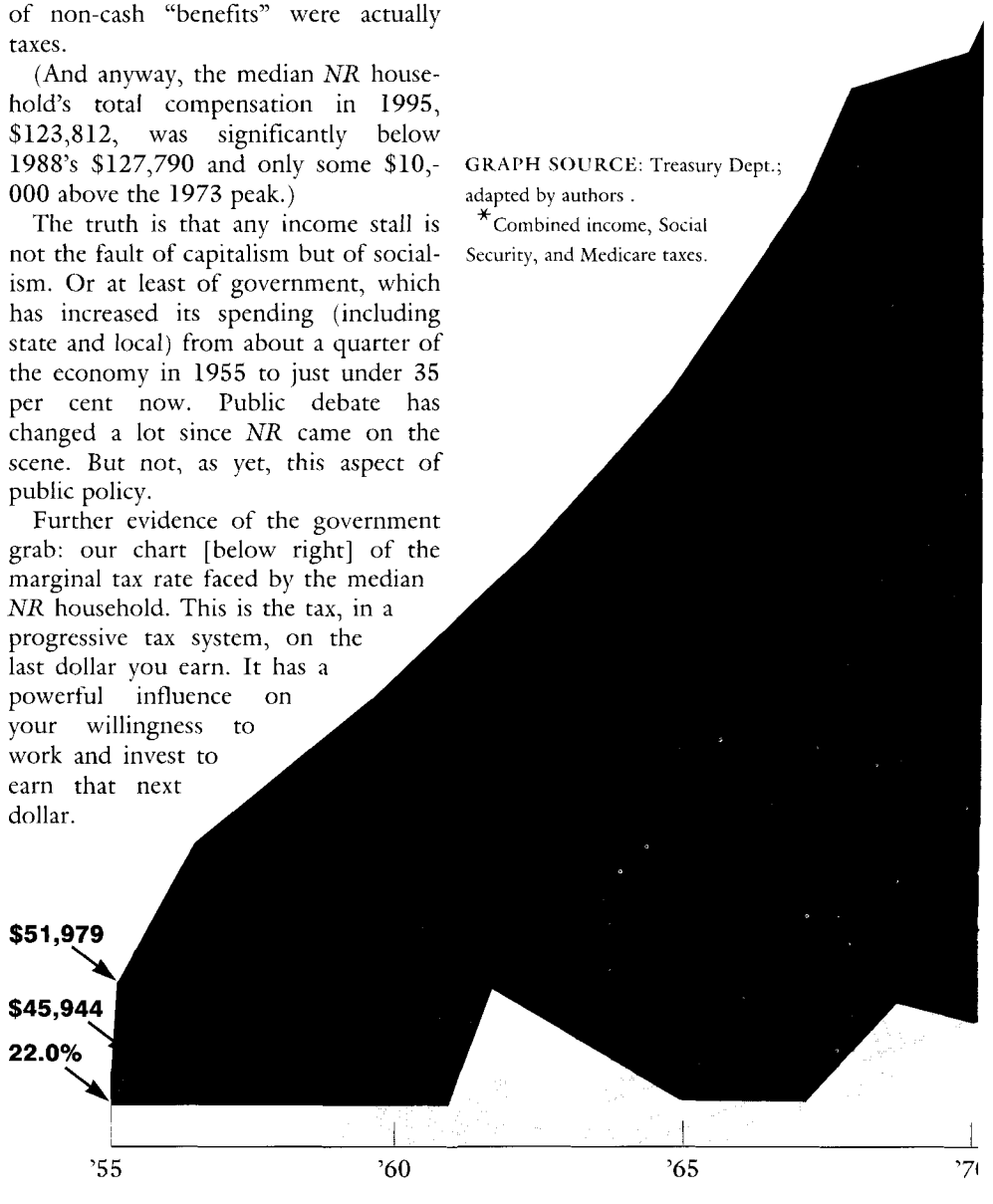
The truth is that any income stall is not the fault of capitalism but of socialism. Or at least of government, which has increased its spending (including state and local) from about a quarter of the economy in 1955 to just under 35 per cent now. Public debate has changed a lot since *NR* came on the scene. But not, as yet, this aspect of public policy.

Further evidence of the government grab: our chart [below right] of the marginal tax rate faced by the median *NR* household. This is the tax, in a progressive tax system, on the last dollar you earn. It has a powerful influence on your willingness to work and invest to earn that next dollar.

Under President Carter in the late 1970s, these marginal tax rates were increasing very rapidly. This was because of "bracket creep"—inflation was pushing the median *NR* household into tax brackets originally designed for millionaires, in effect an unlegislated tax increase. By 1982, Washington was taking 42 cents out that last dollar.

The great achievement of Ronald Reagan was to reverse the Carter marginal rate increases. And the economy did rebound, taking real incomes up with it . . . until the advent of what can only be called the Bush–Clinton years.

Note, however, that Reagan was really moderate. He only rolled back marginal rates to levels that prevailed in the early 1970s. Maybe that's why real incomes are back to 1970s levels. The 22 per cent marginal rate that prevailed when *NR* was first published now seems in retrospect part of a Golden Age. □



GRAPH SOURCE: Treasury Dept.; adapted by authors .
*Combined income, Social Security, and Medicare taxes.

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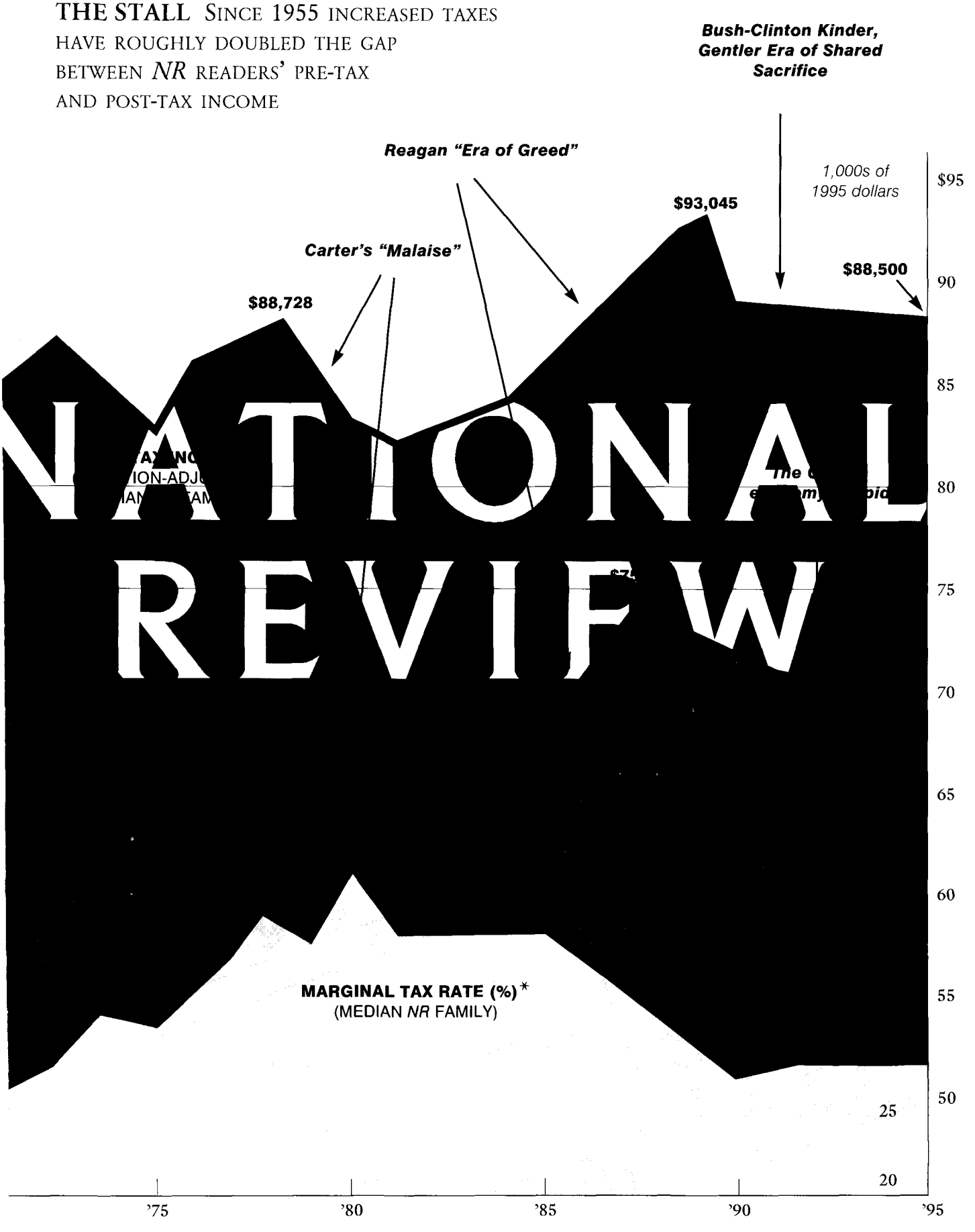
THE STALL SINCE 1955 INCREASED TAXES HAVE ROUGHLY DOUBLED THE GAP BETWEEN *NR* READERS' PRE-TAX AND POST-TAX INCOME



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cows and of their products, and even their right to exist, were and are governed by a Common Agricultural Policy, which subsidizes beef production to the tune of $6 billion a year. The Mad Cow Disease commotion will add billions to the bill. It can only end in slaughter—the extermination of cows who, on the faintest evidence or none, might be suspected of spreading the disease.

Britain's farming minister, a Mr. Hogg, talks of culling 25,000 cows a week, indefinitely. Some would lead a posthumous existence in cold storage, and some would be buried at sea. All that remains to be seen is who pays, and how much. The British taxpayer? The European taxpayer? The British again, in their unwelcome capacity as paymaster of European policies? What matters is to be on the receiving end, and here are some helpful suggestions.

Cow power: Mad cows could generate electricity. A company called Fibrowatt with two power stations now burns 300,000 tons of "chicken waste" a year, and its managing director, Rupert Fraser, is ready to extend the principle to cows. As a renewable non-fossil fuel they would be ecologically correct, like tides or windmills. A cow-powered station, Mr. Fraser says, would need heavy government backing. This phrase means the same as "more public funding": see below, under "More research is needed."

Sanity clauses: For a small additional premium, insurance companies could offer a sanity clause, as pioneered by Groucho Marx in *A Night at the Opera*. The policy would pay out if the holder caught the disease and went mad. With the chances so remote, any competent actuary could set the premium at a level that would make it highly profitable. Burger bars could offer it to their customers as an incentive. This policy would not be binding in the state of California, where the courts believe that all insurance companies have red robes and cotton-wool whiskers. As Groucho had to be reminded, there ain't no Sanity Clause.

Feathered friends: You cannot catch Mad Cow Disease from an ostrich. This is a bad reason for buying an ostrich but helps if you are selling them, and ostrich schemes are the fad of the moment. Just send in your money, the promoters say, and for $10,000 this ostrich will be yours. Then it will lay eggs, and the chicks will grow up to be made into ostrich steaks, the healthy alternative to beef. This could earn 33 per cent on your money, or 66 per cent, or the number you first thought of. Large sums have been sucked into these ostrich schemes, though the biggest scheme of all turns out, predictably enough, to be clean out of money and seriously short of ostriches. So if you insist on running a promotion of this kind, I recommend a change of livestock: try llamas.

More research is needed: Of all the ways to profit from Mad Cow Disease, this one is absolutely copper-bottomed. Just start with a rundown biology lab attached to some needy university. Then get it a new brass plate which calls it the Institute of Bovine Cerebellar Research. Be sure to leave room on the brass plate for the names of benefactors. Then go out and hustle. If you cannot land a remunerative research grant in today's market, you do not deserve to succeed. Never claim to have the cure. What your scientists have made is a breakthrough, which may enable them under controlled conditions to isolate a chromosomic particle associated with madness in field mice. Above all, don't say there is nothing to worry about. Remember your mantra: More research is needed and more public funding—that is to say, more of other people's money, paid to you.

Rawhide: Try this simple sum: If 25,000 extra cows a week are going to the great green pastures, what have you got 25,000 more of? That's it: cowhides. So what should the price of hides do? It should fall. And will it? You don't know? Quite right. You don't know if the skinners and tanners have already seen you coming and sold short, or whether some futures trader in Chicago has cowhide prices in a bind because this is his way into soya and silver. These futures markets are for the professionals. Save your money and spend it on a cut-price leather watch strap from Mark Cross or Gucci.

The rustle of spring: To add value to a cow, try smuggling it across a border. Most of Britain's frontiers are maritime, but a British cow (well, a United Kingdom cow) could wander over and become an Irish cow, free from the vexing Euro-restrictions that have kept it out of the world's markets. It might well meet an Irish cow coming the other way to take advantage of the guaranteed price and market that a cull would provide. Butter has shuttled across this frontier for years. Guns, too, of course.

Virtual reality: Collect real money for imaginary cows. This technique was pioneered by the Italians, who milked the Common Agricultural Policy by fiddling the figures and then refused to pay the money back when they were caught. In the end they settled for part payment. Many of the cows which made this maneuver possible did not exist outside the minds of their manipulators. If cows must be culled and compensation claimed, how much kinder it would be if the cows were fictitious.

A century and a half ago, Charles Mackay gave the world his classic study, *Extraordinary Popular Delusions and the Madness of Crowds*. The Mississippi scheme, the South Sea bubble, the black-tulip boom—all these instances of the herd instinct in markets allowed fortunes to be made and lost. The madness of cows is the latest delusion and would make a useful supplement. The moral, as always, is that the madness is in the crowds, not the cows. □

Why Rare Coins?

Not all gold investments are created equal. Coins have more going for them than beauty.

JAMES U. BLANCHARD III

WHY indeed should anyone buy rare U.S. coins? Let's assume that you are bullish on gold as an investment. Let's assume that you feel, as I do, that demand from the booming economies of Asia will

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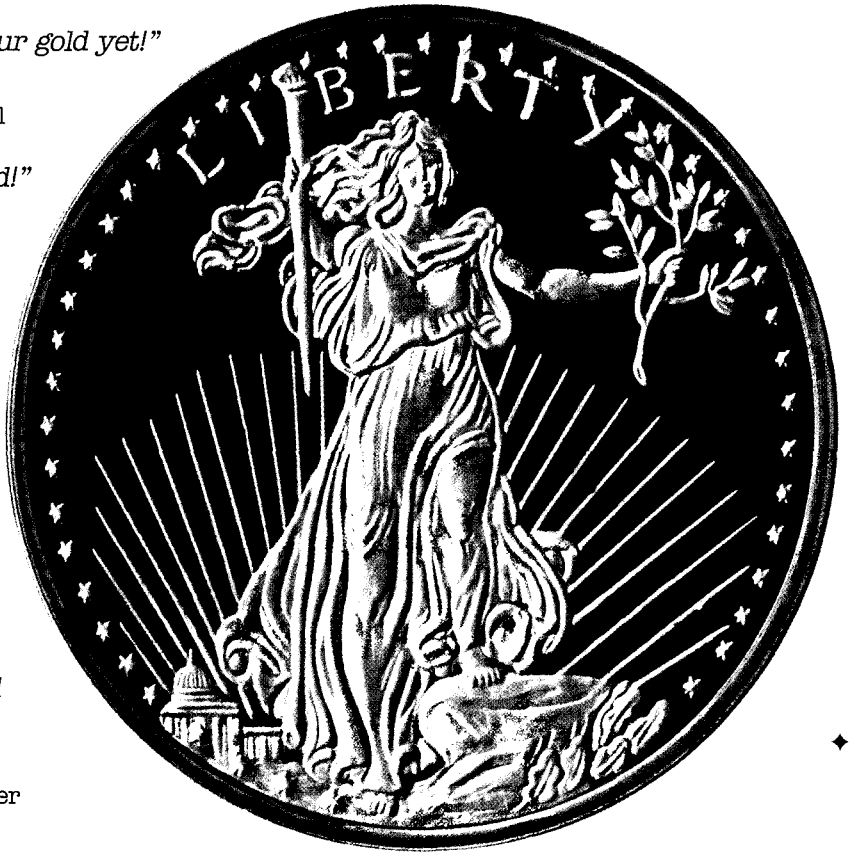

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help drive the prices of precious metals substantially higher over the next few years.

Why, still, should you invest in rare coins, which offer only modest bullion value in comparison to their market value?

I HAVE asked myself that question many times in my business career. Over the past three decades, I've been involved in a number of different businesses related to precious-metals investing. In fact, I've become recognized as somewhat of an expert on the subject. Subscribers to my *Gold Newsletter*, for instance, have enjoyed some tremendous gains by speculating in our recommended mining shares. So it's fair to ask why anyone should also invest in rare U.S. coins, given the fact that mining shares will already provide leverage to gains in gold itself.

The answer is that all three asset classes—bullion, mining shares, and rare coins—are valuable tools for the precious-metals investor, and each offers its own advantages:

Timing: The time to own bullion is always now. In other words, prudent investors should always maintain a core holding of gold and silver bullion, easily accessible and in portable form, as an insurance policy against economic turmoil. As with most insurance policies, you hope that you will never have to cash it in.

The best time to own mining shares is not always now. That's because mining shares tend to lead the bullion markets, rising and falling in anticipation of gains or losses in gold and silver. For example, when gold started to take off at the start of the year, the mining shares had already begun to move higher weeks earlier.

In contrast, rare U.S. coins have tended to lag the gold market both on upswings and on downswings. This gives the investor more time to recognize a trend in either direction, and therefore to buy or sell at more appropriate times.

Leverage: Gold is the ultimate currency—the *only* currency that has held its purchasing power throughout human history. And in a bull market, gold's purchasing power and price can rise considerably in terms of the world's fiat currencies. That equates to profits for gold-bullion investors. But sophisticated investors know that they can multiply the gains in gold through investment in mining shares.

And rare U.S. coins offer the same degree of leverage as mining shares, while also offering intrinsic and portable value.

In fact, while, as we saw above, mining shares tend to lead gold in a bull market, the record shows that rare coins have typically caught up later and passed them both. For example, in the historic gold bull market of 1976 to 1980, an eight-piece rare U.S. gold set in MS-65 grade far outdistanced the gains in gold bullion and in all but the most speculative of gold mining shares.

Rare U.S. coins have yet another critical advantage, one not shared by either gold bullion or mining shares. Rare coins have proved to have a unique ability to rise in price even when gold is moving sideways or falling. Because of their rarity and status as a collectible, gold coins can keep rising whenever there is an increase in demand, no matter what the reason.

A perfect example of this occurred in the late 1980s. During the 18 months between April 1986 and September 1987, gold bullion rose 35.3 per cent. Meanwhile, gold shares (as measured by the XAU index) soared by 126.3 per cent. In comparison, eight-piece rare gold coin sets rose a mere 18.8 per cent.

The gold bull market was brought up short by the Black Monday stock crash. The fall in share prices was so deep and widespread that it created a massive liquidity crunch. Many investors were forced to look for cash in every area of their portfolios, and as a result gold and gold shares dropped 18.9 per cent and 39.7 per cent respectively to June 1989.

But during this same period, *rare gold coins rose by 120.3 per cent.*

This was not a one-time event, either. From July 1984 to June 1986, for example, gold dropped by 1.2 per cent and gold shares by 23.7 per cent. At the same time, rare gold coins rose by 18.9 per cent. And from November 1990 to April 1992, gold dropped by 12.6 per cent and mining shares by 18.0 per cent, yet rare gold coins rose by 19.4 per cent.

THIS unique ability to leverage the gains in gold, and often to rise in value even when gold drops, is why I recommend rare U.S. coins as a critical component to a complete precious-metals portfolio.

That's not to say that rare coins will never drop in price; all investments run in cycles, and all investments entail some degree of risk. But rare U.S. coins happen to be near the bottom of an exceptionally wide price swing right now, making today's opportunity even more dramatic and potentially profitable. □

Mr. Blanchard is president of Jefferson Financial, Inc. in Jefferson, La.

Funding Our Future

Being rich takes a lot more money than you think—so you'd better start saving . . .

ROGER HERTOG

THE investment markets have been nothing short of spectacular in recent years. Both stocks and bonds have earned far more than history teaches us to expect. As a result, people are pouring ever more money into longer-term mutual funds, creating a virtuous circle that has helped keep the markets buoyant.

Still, most of us will probably wind up disappointed in our investments. Why? Because most of us have no idea just how much invested capital it will take to support ourselves through long retirements—even if Social Security remains in place—nor any idea how hard it will be to amass such a sum.

Let's say you were lucky enough to retire with $1 million in 1960—the

Mr. Hertog is the president of Sanford C. Bernstein & Co., Inc.

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equivalent of some $5 million today—and invested this money entirely in the stock market. Judging from the average returns so widely published, your million dollars would have grown to nearly $29 million in the years since then. If you invested entirely in bonds—say, five-year Treasuries—your capital would have mounted to $12 million by year-end 1994. Even in stolid, conservative Treasury bills, it would have multiplied to $8 million.

1960–94	Compound Growth Rate	Theoretical Final Value	After Taxes and Transaction Costs**	. . . and Inflation
Stocks	10.1%	$28.6 Mil.	$15 Mil.	$2.9 Mil.
Bonds	7.4	12.2	5.5	1.1
T-Bills	6.1	8.0	3.5	0.7

*Source: Ibbotson Associates, *Stocks, Bonds, Bills, and Inflation* 1995 Yearbook (annually updates work by Roger G. Ibbotson and Rex A. Sinquefield). Used with permission. All rights reserved.
**Assumes joint tax filing status, federal taxes only, no other sources of taxable income (or other income precisely offset by deductions), and index-like portfolio turnover of 5 per cent for stocks and 10 per cent for bonds.

But all these numbers are before taxes. Considering federal levies only, and minimum investment costs, your final total invested in stocks after 35 years would have been roughly $15 million—about half the theoretical total before taxes. Not that the tax rate has averaged 50 per cent since 1960, but in withdrawing money each year to pay taxes on your investment earnings, you lost not only the withdrawn money itself, but all the future earnings on that money that would otherwise have accrued, and the earnings on the earnings, compounded over many years.

Invested in bonds, your million would have grown to $5.5 million rather than $12 million after taxes (or if we substitute tax-exempt municipals for Treasuries); in T-bills, to $3.5 million rather than $8 million.

These numbers are still nothing to sneeze at—until you remember that a dollar bought five times as much in 1960 as it does today. And so $3.5 million today represents $700,000 in 1960 purchasing power (*bottom row of table above*). In other words, after all these years, your 1960 T-bill investment would be behind the 8 ball in real terms. Bonds did somewhat better: in tax-exempt municipals, you'd have ended about where you started, with $1.1 million in "real"—that is, inflation-adjusted—purchasing power. Only stocks managed to grow substantially after taxes and inflation, with the $1 million nearly tripling in real value.

But Jackie Mason used to say he had enough money to last the rest of his life, as long as he didn't spend a dime. So far in this analysis, you *haven't* spent a dime. Which renders the above figures moot if you're saving to fill a retirement-income gap. Assume you spent all your dividends and interest payments over the past 35 years—not an unrealistic length for a modern retirement. If your portfolio was bond-heavy—say, 80 per cent in municipal bonds and 20 per cent in stocks (*left column, table below*)—your capital's real value declined after all the years of taxes, spending, and inflation, from $1 million to about $300,000. Not much of a cushion against emergency, and probably a disappointing legacy.

As you see in the third column of that table, an all-stock portfolio withstood the ravages of the three big hurdles well. Indeed, it managed to *increase* by a third in real value over the years, while also (perhaps to your surprise) throwing off more cumulative income than the 20/80 mix. But there was also a problem. To be completely invested in stocks since 1960, you had to remain in the market through some very frightening times. You had to withstand the loss of nearly half your money during the decline of 1973–74, not to mention the losing years of 1962, 1966, 1969, 1977, 1981, 1990, and the 30 per cent decline of late 1987.

Could you have stayed in the market? The sad fact is, we humans feel the pain of loss far more powerfully than the pleasure of gain. In recent years we've experienced only the latter where the stock market is concerned, and so we've lost our fear of stocks. But after the 1973–74 decline, most people avoided the market for years to come, thereby missing exceptional gains like the 70 per cent of 1975–76—the very recoveries that have accounted for most of the high long-term return we read about.

To balance risk-and-reward considerations, many investors compromise with a 60/40 mix, mostly in stocks but with a large bond component to tone down volatility. We put this portfolio to the test in the middle column of the table below. As you see, it threw off more cumulative dividends and interest than either the all-stock *or* the bond-heavy portfolio, while the money still at work maintained two-thirds of its value in real terms. This is a very acceptable outcome to most investors, in my experience. But even in this case, some real wealth and purchasing power were lost, demonstrating just how hard it is to maintain spending, pay taxes, and still build capital through the markets.

Now, this is not to gainsay the tremendous value that was received from these investments—first and foremost, the millions in spending money generated over the years. This is after-tax money that wouldn't otherwise have been available. So, yes, the investment markets can be a powerful engine of wealth. But they're not quite so astounding as you may have been led to expect. And there are some important caveats:

1. You have to keep a sizable portion of your wealth in the stock market even when times are not so placid as they've been of late. Stocks are generally *not* placid investments: that's why they stand to make so much money!

2. You have to consider very carefully how much you're going to withdraw to spend from year to year. You have to know what your goals and tradeoffs are. Compromises will almost certainly be required, large ones in some cases.

As Mick Jagger once put it, "You can't always get what you want, / But if you try, sometimes / You just might find / You get what you need." □

$1 Million in 1960 invested in:	20/80 Stocks/Bonds	60/40 Stocks/Bonds	All Stocks
Total interest and dividends (1960 through 1995)	$1.9 million	$2.3 million	$2.1 million
Capital value in 1995	$1.6 million	$3.4 million	$6.8 million
after taxes and after inflation	$313,000	$677,000	$1.3 million

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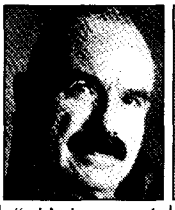

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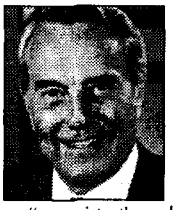

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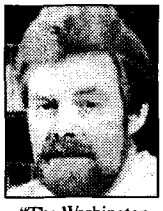

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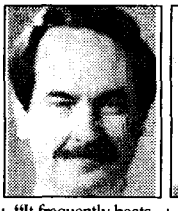

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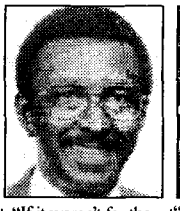

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Taming the Bear

Despite the recent rally in the bond market, the long-term trend is down down down.

JOHN DIZARD

THE front page of the *New York Times* of October 16, 1993, headlined a collection of what are now half-forgotten stories. The U.S. military mission to Somalia was in trouble. Mike Milken, out of the slammer, had turned to teaching. Three Navy admirals were censured in the Tailhook scandal.

But the most important event of the previous day went unnoticed by the *Times*, or, to be fair, anyone else. On October 15, 1993, the long decline in interest rates that had fueled the U.S. economy since 1982 had ended. Bonds, whose valuation represents the summation of investors' faith in the stability of a society, have been in a choppy bear market ever since.

When I first started reporting on the financial markets in 1971, bond men (there weren't a lot of women in the business at the time) were for the most part ignorant, clubby drinkers who had their jobs because they'd been congenial frat rats in school. The smart types were in equities or corporate finance.

Now the bond market is run by the smartest people on the Street. They drink Gatorade, Orangina, or Perrier, and they've forgotten more about stochastics and the history of G-7 monetary series than most people hear in a lifetime. Corporate-finance people are patronized as superficial parasites. And the bond people have made a lot of money for themselves.

But as the market has gained an impressive collection of analysts and thinkers, it has lost another group that existed back in 1971: investors—people who actually buy bonds and keep them rather than use them as a speculative vehicle.

In the words of the ancient joke, these fish aren't for eating, they're for buying and selling. Let's take last year's numbers to illustrate the point. There were about $137 billion of Treasury securities issued last year (excluding what was sold by the agencies and guaranteed debt). Of that, $168 billion was bought by foreigners. That's right, more than 100 per cent of what was issued, meaning that Americans were, on balance, dumping their own paper. Most of the foreign buying—58 per cent of the notes and bonds—was by foreign central banks and speculators in tax havens such as the Netherlands Antilles and the British West Indies.

When I was taking my first college economics course in 1967, I was assured by my professor that even though the Federal Government was running a deficit, "we owed it to ourselves." Not any more, at the margin anyway. As foreign central banks were buying $40 billion of Treasury securities, private domestic investors were selling $42 billion worth. There are *some* Americans who are buying Treasury bonds, though. Broker dealers, the most febrile of market participants, bought $58 billion last year.

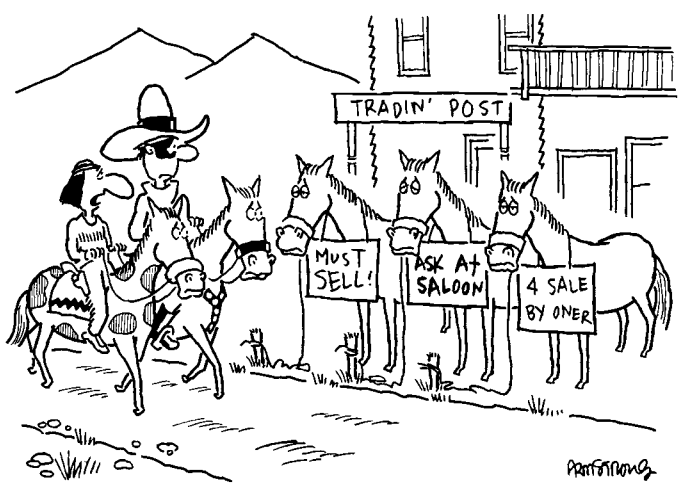
Jim Bianco is a partner with Arbor Trading in Barrington, Illinois. He is known to his associates and counterparts as the Rain Man of the bond market, thanks to his nearly monomaniacal collecting of statistics. As Jim says, "The rational investor is putting his money in the stock market, because in recent experience that has been the way to make money. The bond market has been left to the politically motivated central banks and to the very short-term-oriented buyers such as leveraged hedge funds."

On my desk are two piles of reports. One I would call the Scientific Pile. That includes all the detailed, documented econometric analyses of the major trading countries, which make a good case that bonds are a buy based on the prospects for growth and inflation. The other stack is what I would call the Astrology Pile. That includes the financial version of witchcraft: technical analysis. Technical analysis comes down to drawing lines on charts of price histories, and attempting to predict the future by seeing which way the lines point.

IT WILL probably not surprise you that the Astrology Pile has proved to be far more useful as a guide to how to speculate in the bond markets this year. If, at the beginning of the year, you had bought the 30-year T-bond based on the benign inflation prospects projected in the Scientific Pile, you would have lost 8.4 per cent of your money by the end of the first quarter. On the other hand, if you believed the bond chart was tracing out a "double top" and you shorted T-bond futures, you'd be sleeping on silk and laughing at the wretched academics behind the curtain in Economy Class.

As I write in the third week of April, the technical analysts have decided to join the bond bulls, briefly. The economists, or at least the ones with whom I agree, believe that the U.S. economy is at best in a holding pattern, with an annual growth rate between 1 and 2 per cent. Those estimates have gradually been lowered since the end of last year. Then the standard corporate forecast was for 2.5 per cent growth; now even the International Monetary Fund is looking for no better than 1.8 to 1.9 per cent.

As the technical analysts see it, the long-term trend for the bond market is down down



"Times hard, Kemo Sabe."

Mr. Dizard is NR's financial columnist.

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down, as interest rates rise over the next couple of years to at least 9.5 per cent on the 30-year T-bond from today's 6.8 per cent. But the bear market will be interrupted by rallies. The current one, some think, could go on for a couple of months, or long enough for the 30-year yield to drift down to 6.5 per cent or a little lower. That will help the aging bull market in stocks to eke out some more gains.

One critical difference between the two camps is the weight each side gives to commodity prices. The economists correctly point out that the most actively traded commodities account for perhaps 10 per cent of the total value of the Consumer Price Index. So the current run-up in grain, oil, and even gold will not have that much impact, compared with labor costs. The technical analysts say that may all be true, but a sustained increase in commodity prices invariably leads to higher interest rates.

As critical a dividing line is that between those who believe that Alan Greenspan has finally become a god, in the fashion of Roman Emperors, and those who do not. Those who do believe in his godhood think that he will not "allow" inflation to take hold. They do have a record of Greenspan successes on their side.

Those who are not believers in the divinity of the Fed chairman think that the fundamental purpose of the Fed is to finance the United States Government. If, as is the case now, this can be accomplished through soundish money and the propitiation of the hedge funds and the Bank of Japan, so much the better. If it cannot, and the current overleveraged holders of government paper decide to push the women and children out of the lifeboats, then the Fed will buy Treasuries and pay for them with checks drawn on the hereafter. Inflation follows.

In their boozy way, those hail fellows well met of the old bond market were a better deal for the public than my clever friends. Social and economic policy should not be run through monetary mechanisms. Money should be boring and stable. Bonds should bear low interest rates and trade only fitfully.

But that world, which many thought had been ushered in by Paul Volcker, lies distressingly far in the future. Sell your bonds as this rally peters out and buy gold. I don't take any pleasure in this recommendation, but we have to deal with the world as it is. □

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Future Prophets

Investment gurus are predicting a market downturn–and they've always been right before.

MARK HULBERT

THE investment-newsletter industry is a peculiarly objective source of political and economic insight during presidential-election years. This is because newsletter editors are predominantly libertarian. (In fact, if there were a consensus favorite among newsletter editors it would be the Libertarian Party's candidate, Harry Browne, who himself is an investment-newsletter editor.) When newsletter editors engage in economic forecasting, we can trust that they are not letting partisanship influence their analysis. Therefore, it should be taken very seriously that the top-performing letters in my *Hulbert Financial Digest* monitoring service are cautious on the stock market's prospects, if not outright bearish.

Before reviewing the forecasts of these top performers, however, I must first dispense with a theory that is resurrected every four years about this time: the Presidential Election Year Cycle, which holds that stocks will rise and interest rates will fall up through the election. On its face this appears plausible: after all, the incumbent party does try everything in its power to make things look rosy on election day.

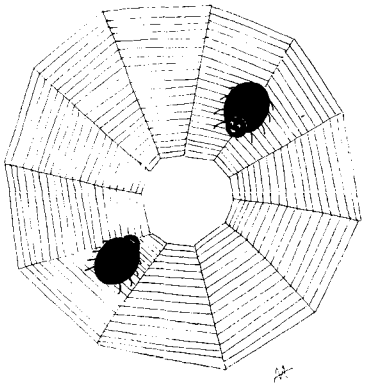
However, there is a problem with this theory's basis in historical evidence. As Martin Zweig, editor of *Zweig Forecast*, wrote: "I'm not sure the long-ago results are so relevant. Before World War II the government was less likely to make the economically stimulative moves it now routinely does to get re-elected." And once we focus on only those elections since World War II, the Cycle all but evaporates. So don't let the Presidential Election Year Cycle lead you to dismiss the best-performing newsletters' caution.

In choosing which newsletters to survey for this article, I focused on those which had been tracked by the *Hulbert Financial Digest* over the entire 16 years it has been monitoring the industry. Such a focus is especially important right now, since we are in an historically unique period in which bear markets are almost extinct.

However, to state what should be obvious but often isn't in today's Wall Street, a bear market *will* happen some day. This is why I insist on focusing on those advisors who have proved themselves over long enough periods of time to include a bear market.

I imposed one other criterion on the newsletters: I ranked them on a risk-adjusted basis. Why? Because advisors who lag the market by a wide margin on a risk-adjusted basis are good bets to be big losers in a bear market. Imagine an advisor who incurred twice the market's risk in the process of beating the market only slightly. He will do well only so long as the risk doesn't come to pass.

There are three newsletters that made the cut. The first is the ***Value Line Investment Survey***. This service is best known for its stock-ranking system, which divides 1,700 stocks into five groupings, from the 100 best bets for performance over the next six to twelve months to the 100 worst bets. But *Value Line*'s analysts also project how much these 1,700 stocks will appreciate over the next three to five years. The median of these projections turns out to be well correlated with the market's level four years hence—with one qualification. Because *Value Line*'s analysts (like almost all Wall Street analysts) are too bullish, the median of their projections must be adjusted downward. *Value Line* itself has found that an adjustment of 20 per cent is necessary; some academic studies place the figure as high as 70 per cent.



"I rather like the idea of a World Wide Web."

Right now, the median appreciation potential given by *Value Line*'s analysts is 55 per cent. If we assume the average amount of adjustment, that means the stock market is projected to be only 10 per cent higher in the year 2000. On an annualized basis that is about 2 per cent per year—less than you could get with a riskless money-market account.

The last time the median appreciation potential of *Value Line*'s 1,700 stocks was that low was in the summer of 1987, four months prior to the Crash. Before that, we have to go all the way back to the late 1960s to find a lower reading. And that preceded the 1973–74 bear market, the worst since the Depression.

The second newsletter that meets my criteria is ***The Chartist***, edited by Dan Sullivan. Sullivan is outright bearish, and currently allocates 80 per cent of his model portfolio to cash. To be sure, Sullivan has been bearish for two years, and is thus guilty of turning bearish too early. But it is testimony to his long-term record that he missed out on the market's 45 per cent gain over the last two years and *still* is ahead of the market cumulatively over the last 16 years.

In his most recent issue, Sullivan listed 24 major "telltale signs" that a market top is imminent. One of those signs is speculative froth, shown by the torrid pace of initial public offerings and the aggressive purchase of call options on any dips. Another is the fact that even though mutual funds enjoyed record inflows of new money during 1996's first quarter, the market struggled to eke out a gain. Yet another is that Warren Buffett, perhaps the most successful investor alive today, has announced that he wouldn't invest in his own fund, Berkshire Hathaway.

The third-best newsletter for risk-adjusted performance over the last 16 years is ***Growth Stock Outlook***, edited by Charles Allmon. Allmon has been bearish for even longer than Sullivan, so that his recent performance lags the market by a significant margin. But his long-term rank remains high.

Mr. Hulbert is editor and publisher of The Hulbert Financial Digest.

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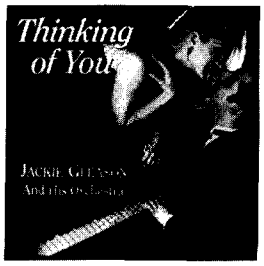

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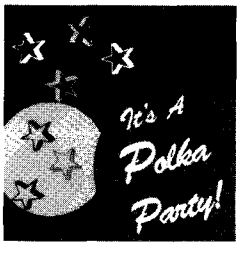

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Allmon is a devotee of fundamental analysis, which identifies undervalued companies by analyzing their balance sheets. This form of analysis was made famous forty years ago by Ben Graham. One factor that leads Allmon to be bearish: It now takes more than $45 to buy $1 of annual dividend payments. Never before in history has it taken this much. In fact, whenever it has cost more than $33 to buy a dollar's worth of dividends the market has been sharply lower within 12 months.

Another bearish factor for Allmon: the high ratio of the average stock's price to the book value of the underlying company. Right now that ratio is around 4 to 1, which is also historically unprecedented. As Allmon repeatedly points out, at the trough of almost every bear market in the past, the market has traded at one times book value. If that were to be the case in an upcoming bear market, the Dow Jones Index would go below 2,000.

During the rest of this year you'll no doubt be hearing forecasts that the U.S. financial markets have entered a "new era" in which the old indicators no longer apply. My advice: Don't fall for it. History teaches us that "new era" talk is resurrected at the same point of every market cycle—in the latter stages of a bull market. The most famous example occurred when Professor Irving Fisher of Yale University proclaimed that stocks had reached "what looks like a permanently high plateau." That statement was made a few weeks before the Crash of 1929. □

Up and Down Under

As a benchmark for inflation, the Australian dollar is at least as good as gold.

DAVID D. HALE

IF Hillary Clinton were to resume commodity trading in order to finance her husband's 1996 election campaign, she would probably be accumulating a long position in gold contracts. But if she wanted to speculate on a revival of inflationary psychology in the financial markets, she would diversify her portfolio by adding a large long position in contracts for the Australian dollar. If she encountered Alan Greenspan at a Washington cocktail party, she could tell him that he should focus more attention on the Australian dollar when setting U.S. monetary policy.

Most Americans would probably be startled by the suggestion that their central bank would have anything to learn from monitoring the currency of the sunburned continent of kangaroos and Crocodile Dundee. Yet the Australian dollar provides far more useful information about global inflation expectations and the psychology of bond markets than any of the G-7 currencies or even gold. The yen skyrocketed during 1994 and early 1995 because Japan's closed economy produced a massive trade surplus which the country's bankrupt financial institutions found difficult to recycle into foreign securities. The German Mark rose to new highs last year because of capital flight from the high-debt/weak-government countries of southern Europe. Gold also has become a potentially confusing indicator because it is very sensitive to political events in South Africa (which produces one-fourth of world output) and the rising real income of China and India (which already consume one-third of new world production).

The Australian dollar has proved to be a far more reliable proxy for global inflation expectations. In the floating-exchange-rate era, its movements have correlated closely with commodity prices, and they have often been a good leading indicator of changes in the level of U.S. interest rates.

Why does the dollar from down under enjoy its unique status as a surrogate commodity basket? Over two-thirds of the country's exports consist of wool, wheat, iron ore, coal, bauxite, and other base metals. Commodity-producing companies also account for about one-third of Australia's stock-market capitalization, compared to less than 5 per cent in most industrial countries. When commodity prices rise, Australia's trade account improves and capital flows to purchase the shares of commodity-producing companies expand, boosting the currency. When commodity prices fall, these flows reverse.

THE Australian dollar's performance provides a useful illustration of how its exchange rate *vis-à-vis* that of the U.S. dollar can be a guide to inflationary psychology. The Australian dollar fell to a seven-year low of 65 cents (U.S.) during the first half of 1993 because of investor concern about how sluggish world economic growth would depress commodity prices and Australian export earnings. But it rose steadily during 1994 to a peak of 77 cents on the back of robust economic growth in the U.S. and a recovery in world commodity prices. When Fed tightening started to slow the U.S. economy in early 1995 and commodity prices corrected, the A-dollar confirmed the reduced risk of inflation by dropping back to 71 cents. As a result of Fed easing, the U.S. economy improved during the third quarter of 1995 and the Australian dollar rallied back to a range of 73 to 74 cents.

Should the Federal Reserve and the U.S. Treasury announce a formal exchange-rate target for the Australian dollar in order to reassure global bond investors that they finally have a coherent strategy for restraining inflation and avoiding deflation? Probably not. Whenever central banks announce new policy targets, investors immediately adjust their behavior in ways that undermine the targets. When central banks had formal money-supply targets, investors shifted their savings to financial assets not included in the official monetary aggregates. When European central banks introduced exchange-rate targets during the late 1980s, investors aggressively purchased the currency with the highest yield and thus made it difficult to hold exchange rates within their official target bands.

So, instead of publicly announcing a formal target for the Australian dollar, Federal Reserve officials should simply refer to the currency as a useful market indicator in the same way they do cur-

Mr. Hale is chief economist for Kemper Financial Services.

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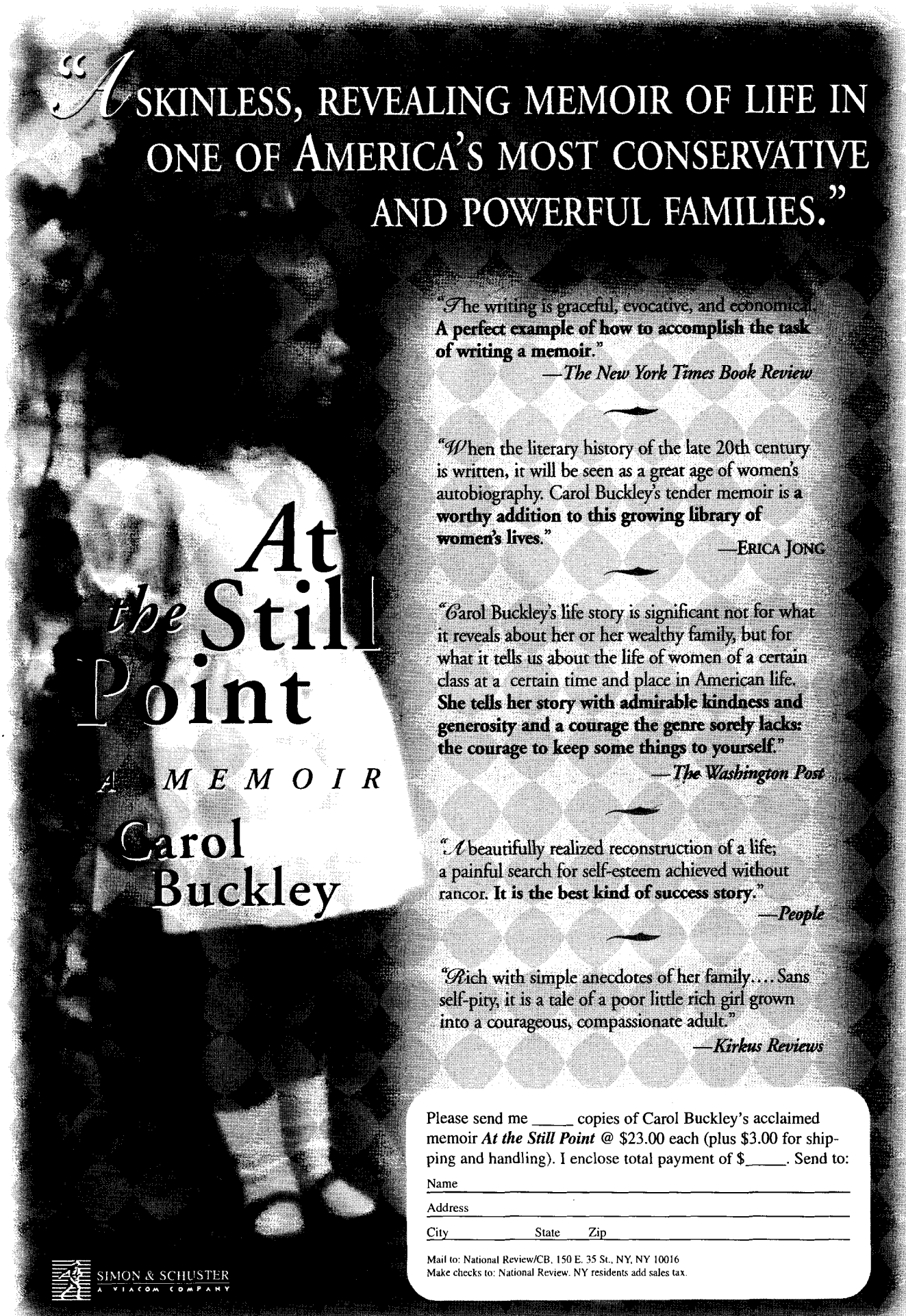
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rently with gold, other commodity prices, and bond yields. Since Alan Greenspan recently came out of the closet to reveal his long-standing affection for gold as a monetary indicator, many goldbugs and hard-money fanatics would probably be disillusioned by such a gesture. But the goldbugs have to adjust to the changing geo-economic and political realities of the yellow metal. Can gold serve as a U.S. monetary anchor when the dowries of Chinese and Indian brides could soon be consuming one-half of world output? Should the U.S. have a monetary compass in which a major political risk factor is Winnie Mandela? Or would it be wiser to take its chances with Bernie Fraser, the Governor of the Australian Reserve Bank?

With or without explicit currency target zones, it is not difficult to imagine how U.S. interest rates will perform compared to the Australian dollar during the next few years. When the U.S. economy recovers from its current pause and capacity-utilization rates climb further in Europe and Japan, there will be a revival in commodity prices, and the Australian dollar will rally back over 80 cents. The outlook for long-term bond yields will then depend upon how quickly the Federal Reserve and other central banks respond to the inflation signals being emitted by the Australian dollar. If they permit the A-dollar to return to its pre-1989 peak of 89 cents, the odds are high that bond yields will return to double-digit levels in most G-7 countries. But if G-7 central banks pursue monetary policies that effectively cap the Australian dollar in a trading range of 75 to 79 cents, inflation expectations will calm, bond yields will remain at single-digit levels, and the world economy will be poised for an extended period of steady growth.

There should never be a G-7 communiqué referring to the Australian dollar, but the implications of its link with commodity prices are clearcut. If the G-7 central banks want to reduce interest-rate volatility, they should devote less effort to stabilizing the leading dollar currency of the Northern Hemisphere and let investors know they are carefully monitoring the signals emitted by the top dollar currency of the Southern Hemisphere. □

Conservative Investing

Investments made for political reasons produce profits that are moderate to conservative.

JAMES K. GLASSMAN

EVER since the 1960s, there have been mutual funds catering to investors who want to put their money to work in socially responsible ways. As you'd expect, "socially responsible" is usually a synonym for "left-wing."

Consider, for example, Pax World, a fund that was started in 1971 and now sports half a billion dollars in assets, distributed among stocks and bonds that meet certain standards: "Management seeks companies that produce life-supportive goods and services. Companies engaged in manufacturing defense or weapons-related products or those engaged in the liquor, alcohol, tobacco, and gambling industries are excluded from the portfolio. The fund also avoids U.S. Treasuries, because this debt could be used to finance defense."

Most socially responsible funds follow similar guidelines. New Alternatives won't invest in "firms focusing on petroleum and atomic-based energy sources." The Parnassus fund insists on "enlightened and progressive management practices."

If such funds don't appeal to you (and I doubt they do), you now have another choice. A new social fund that can accurately be termed conservative has just completed its first full year. It was started by Arthur Ally as a retirement plan for pastors of independent churches.

He named the fund for St. Timothy, who elicited two brief epistles from St. Paul that seem to have investment relevance: "If any provide not for his own, and specially for those of his own house, he hath denied the faith, and is worse than an infidel" (I Timothy 5:8). And: "Lay hands suddenly on no man, neither be partaker of other men's sins; keep thyself pure" (I Timothy 5:22).

To help shareholders achieve both of these aims, Ally says, the Timothy Plan won't invest in "companies that are contributing to our society's moral decline." Specifically forbidden are the stocks of firms that "promote pornography" (broadly defined to include sexy, foul-mouthed, and violent movies and TV shows and the companies that advertise heavily on them), abortion (barred are drug makers, hospital chains, and insurers that facilitate the practice, as well as firms that contribute heavily to Planned Parenthood), and activities which, in Ally's words, "are offensive to basic Christian values." In this third category, the Timothy Plan places companies that are "aggressively promoting the homosexual agenda" by, for example, defining same-sex couples as families for purposes of health coverage. One such company, says Ally, is Walt Disney, which, he adds, "is on our list for a number of reasons, including its two film subsidiaries that turn out some raunchy stuff. I believe Walt is rolling over in his grave."

Ally uses three ministries to screen out offending stocks. American Family Association, headed by the Rev. Donald Wildmon, of Tupelo, Miss., identifies sponsors of nasty TV programs. Among them, says Ally, are Bristol-Myers Squibb and PepsiCo. Pro Vita Advisors of Dayton, Ohio, monitors abortion activities; on the basis of its findings, Ally won't invest in stocks like Columbia/HCA Healthcare Corp. and Cigna, the huge health insurer. Finally, Life Decisions International of Amherst, N.Y., fingers firms that support Planned Parenthood. That list, says Ally, includes such household names as American Express and Merrill Lynch.

Timothy also rejects some of the same categories as traditional socially responsible funds: tobacco, alcohol, and gambling. However, Timothy will invest in defense stocks.

The fund's stock-picking procedure is simple. The screening by the ministries knocks out 300 to 350 stocks. "That still leaves a big universe," says Ally. Yes, about 6,000 different companies. Syste-

Mr. Glassman writes columns for the Washington Post *on finance, economics, and politics.*

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matic Financial Management, a New Jersey money manager that handles about $1.5 billion for other clients, then chooses the stocks in the Timothy portfolio—49 at the end of last year—according to its own investment logic.

Systematic is "very conservative," says Ally, talking now in financial terms. The firm chooses stocks that have solid balance sheets and seem underpriced—unspectacular value stocks, as opposed to go-go growth stocks.

Timothy's top holding is Tecumseh Products, a Michigan company that makes small gasoline engines and refrigeration pumps. Second is Intergraph, an Alabama firm that sells computer graphics and is notably dull by high-tech standards. Third is NCH of Texas, which makes specialty chemicals, welding supplies, plumbing parts, and the like.

These companies are chosen not because they are exceptionally moral but because, in Ally's view, they are not immoral.

It would be nice to be able to say that the Timothy Plan's doubly conservative stock-picking style works well. So far, alas, it has not. Over the past 12 months, the fund has produced a return for investors of 8 per cent. That compares with 26 per cent for the average stock mutual fund and 27 per cent for the Standard & Poor's 500 Stock Index, a broad measure of the market. But one year does not make a track record, and the Timothy portfolio, which also contains chunks of Pinkerton's, Atlantic Richfield, and Cummins Engine, seems well suited for long-term investors.

Nevertheless, these numbers raise an important question for social investors, of the Right or Left: Does a moral approach to investing necessarily sacrifice profits to principle? The performance of socially responsible funds points to an affirmative answer. For example, over the past 12 months, the 40 social funds monitored by Lipper Analytical Services have returned 18 per cent. That's about one-third less than the average fund. Longer-term results are even worse. Since 1991, social funds have returned just 6 per cent a year, compared with 13 per cent for diversified stock funds. In fact, only one social fund, Parnassus, has beaten the S&P return of 14 per cent.

Some Wall Street experts, including those at Lipper, argue that investing is tough enough without eliminating whole groups of stocks. If you buy that line, then a smart approach is to go ahead and invest in Disney and Bally and accumulate all the profits you can so that you can give more to charity—or to the fight against abortion and pornography, if that's your goal.

My own conclusion, after watching social stocks for many years, is that the reason they perform so poorly is that, for the most part, mediocre managers run them—partly because, in the culture of Wall Street, these funds aren't considered serious.

Political conservatives should still be happy to have their own social fund in the Timothy Plan. But if you have the time and the inclination, putting together your own portfolio along similar lines might be a good idea. Here are five stocks to consider:

Corrections Corp. of America: This company builds and manages prisons for government agencies in the U.S., Britain, and Australia. It embodies two great conservative themes: privatizing and crime-fighting. Unfortunately, the stock is very pricey, having jumped from $8 to more than $50 in 18 months.

Reader's Digest Association: Here's the world's largest conservative publication, and, since you can't buy stock in NATIONAL REVIEW or *Forbes* . . .

McDonnell Douglas: In the current issue of *Investor's Monthly*, the aerospace and defense industry is identified as one of the "market leaders over the next six months." McDonnell Douglas, which makes missiles and aircraft, is one of three companies in this category to which S&P accords five stars (the others are Rockwell International and Lockheed Martin).

Uranium Resources: "Although many traditional ethical investors steer clear of nuclear power, conservative investors might warm to Uranium Resources . . . the only publicly traded uranium miner in the U.S.," says Kiplinger's *Personal Finance* magazine. This stock has zoomed recently, but uranium prices are still far below their peak.

Philip Morris: Whatever your views on smoking, you may want to show your solidarity with tobacco companies, which have become the target of the Evil Empire—that is, the alliance of plaintiff's attorneys, prohibitionists, and junk-scientists.

Conservatives, in short, should have no trouble finding stocks that provide a shiver of political pleasure—along with the more conventional joys of capital gains and dividends. □

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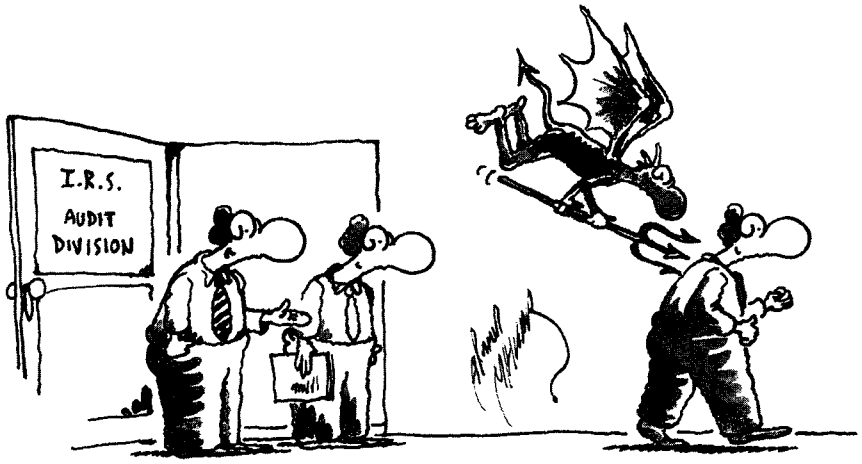
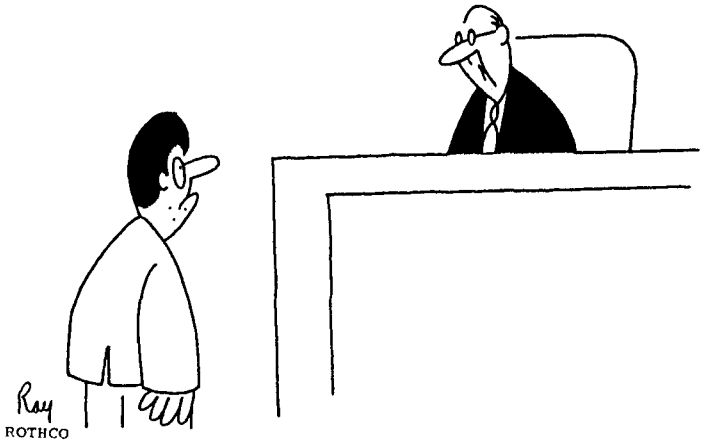


"Bellows seems inspired by his muse today."



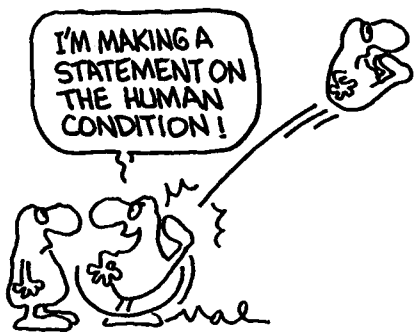
"Personally, I like you, but the mood of the country dictates that I stick it to you good."

Clinton's Other Campaign

Forget about east of the Urals.
Forget about west of them, too.
St. Petersburg's sour on Boris.
Kamchatka contributes a "Boo!"
In Kansk, peasants seethe. In Tomsk, also.
Rude pensioners raise the red flag.
Panetta's begun to perspire,
And Gore is beginning to gag.

—W. H. von Dreele

"Helen, there's a side of me you've never seen before."



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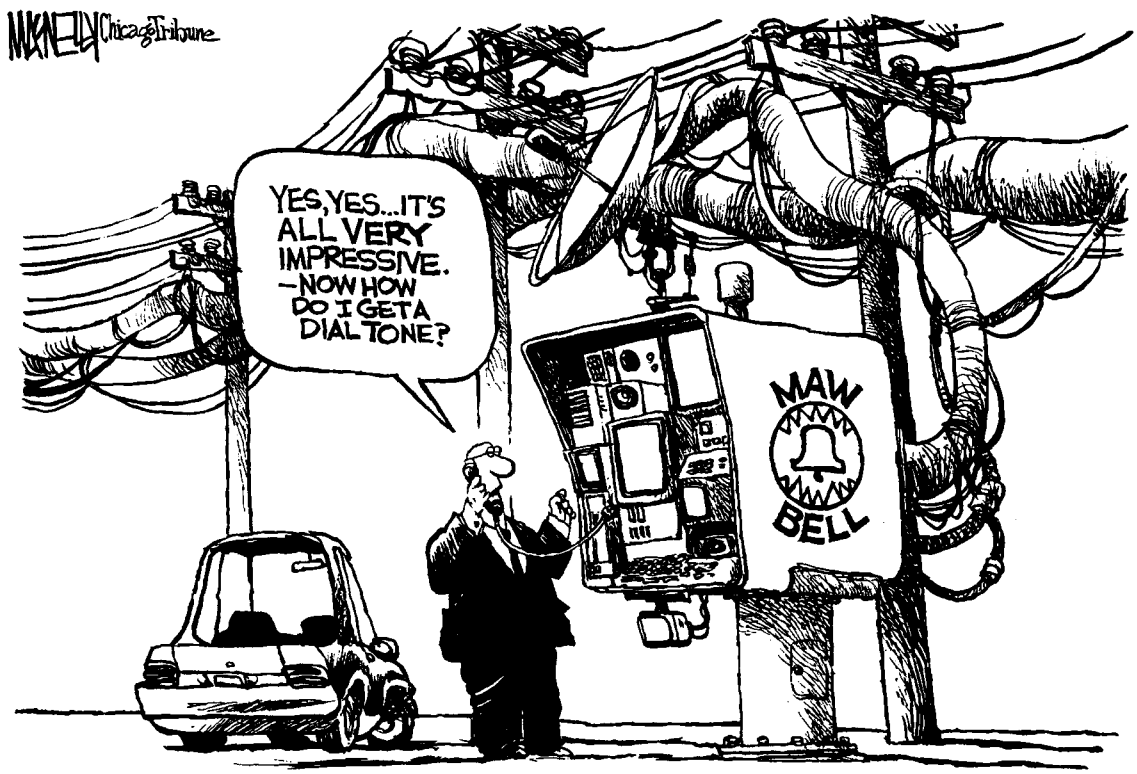

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THE VICE PRESIDENT
WASHINGTON

April 27, 1996

Dear Rusty,

As hard as I try, I can't seem to shake this feeling that we're headed for certain victory in November.

I'm trying not to be too cocky. I remember well the days in 1988 when The New Republic endorsed my bid for the Presidency, and I thought to myself, "Hey, TNR is about as in touch as you can get. If they like me, then everybody likes me." So, obviously, I'm keeping a lid on the counting-chickens department.

Still, it's nice to have a comfortable lead. We had originally planned to spend the spring and early summer with a kind of "Plan A" and "Plan B" approach—"Plan A" being a lot of appearances by me on Brinkley, CNN, and Meet the Press reaffirming my complete faith in the integrity and honesty of Bill and HRC irrespective of the grand-jury indictments; and "Plan B" being Tipper's hunger strike outside the Little Rock jailhouse until they released HRC and waived bail.

But, as things turned out, we didn't need either plan, so now, with three months to go before the convention and $22 million to spend, we're kind of looking at each other and thinking, "Now what?"

So when Chris Dodd, one of Connecticut's senators, and the chairman of the party's Senate campaign, gave me a call last week, I took the bull by the horns. "Chris," I said, "you and I both know that victory in November is a foregone conclusion. But I've always thought that it's important to plan the move after the next move. So what do you and Tom have on the agenda come January 1997?"

"Me and who?" Chris asked.

"Tom Daschle," I said. "Senate Minority Leader, and, after November, the Majority Leader."

"Oh. Right. Tom. Tom," Chris said. "Tom's a super guy. I just love him to death, don't you?"

"I'm fond of him, sure," I said.

"He's a great little soldier; loyal, steadfast, maybe not the most visionary guy, but hey, that's not what we need in a Minority Leader, is it?"

I was getting a little impatient. "Yes," I said, "there's something to that, but Chris—"

"But a majority leader—whoa. That's a different-type cat altogether, no?"

"Chris," I said, "I'd love to chat all day with you, but I've got a meeting in a few minutes, and I really want to talk about the future, okay?"

"Mr. Vice President, that's all I think about."

And with that, he dashed off to a floor vote, after promising to call me back. In the meantime, I dialed Dick Gephardt's office.

"Speaker Gephardt's office," a voice answered.

Is Dick in?" I asked, after identifying myself.

"Please hold."

Which I did. For almost twenty minutes. You know me, Rusty. I'm not a stickler for protocol. And I wasn't personally insulted to be kept on hold, I was insulted for the office of the Vice Presidency. Look, I know that Dick and I haven't always gotten along—heck, we both wanted our party's nomination in 1988, and while some people have characterized him as a half-witted knee-jerk big-government-liberal lightbulb-faced albino, I've always admired his keen legislative skill.

So when Dick finally got on the phone with a cheery "How 'ya doing, Al?" I let the jarring breach of protocol pass—I'm usually called "Mr. Vice President," after all.

"I'm fine, Dick. How are you?"

"Doing pretty well for a guy who's 'so far left, he's left America.'"

"Excuse me?"

"Presidential Debate, the Sunday before Super Tuesday, 1988."

"Sorry?"

"That's what you called me."

"Well I was hoping we could move past that. It was eight years ago, Dick. And as you know, I've always admired your keen legislative skill. In fact, that's what I'm calling about. November. I was just wondering what your plans might be, after we take back the House."

"Plans? Oh, I've got plans. I've got a million."

"Care to share any of them?"

"Let me summarize them: Remember how it was when you guys had Tom Foley around?"

"Sure do, Dick. He supported us to the hilt—always ready to help our agenda."

"Okay. Well now he spends his day representing the National Aerosol Packaged Cheese Spread Manufacturers Association. Get me?"

"C'mon, Dick. We've got to think—not just about '96, but about 2000 and 2004."

"That, Al," he said, "is all I think about."

And with that, he dashed off to a floor vote.

It wasn't easy, but at least I got those two to start thinking about the future. After all, that's all I think about, too.

Your pal, Al

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BOOKS, ARTS & MANNERS

In Praise of a Famous Man

WM. F. BUCKLEY JR.

WHEN I was a boy I came upon the line from *Ecclesiastes*, "Let us now praise famous men." In succeeding decades I have found myself running its implications through my mind.

Early on I wondered why exactly it was thought appropriate, let alone necessary, to praise famous men. If such men as were to be praised were already famous, as the Biblical injunction presupposes, then would they not disdain as either redundant, or immodest, the solicitation of more praise than they had already? It seemed, in that perspective, just a little *infra dig* to enjoin such praise.

Some time later I bumped into the melancholy conclusion of the historian who wrote that "great men are not often good men." That finding curdled in the memory. Does it require of a famous man, to be praised, that he be praiseworthy? And if he is not a good man, merely a successful man who became famous by inventing the wheel or invading Russia or writing *War and Peace*, should not the praise be confined to bringing to the attention of those who are behind in the matter that which the person being praised actually did that merits more vociferous admiration? Or is that obvious? Jack the Ripper was famous, but our praise of him, if such it is to be called, does not focus on his attainments.

And then much later, much much later, I read a review of a book on Abraham Lincoln that was justified, or so it seemed, primarily by the author's diligence in bringing to light episodes in Lincoln's life, and aspects of his character, that served to diminish the myth. I found myself wondering at what point it is in the interest of civilization to devise a line between research designed to satisfy the curiosity, and research designed to deface—the latter often an impulse of the egalitarian, who really thinks that all men should be equally famous, in the absence of which all men should be equally infamous. As in, If everybody can't be rich, then everybody should be poor. I am, at this stage in the development of my thought on that passage from *Ecclesiastes*, more inclined to believe that a point comes when it is wise, unless one's profession is in experimental historical clinics, to accept that which is legendary as legend, that which is mythogenic as myth—fortifying myth, ennobling myth.

Roberto Parada

This essay is adapted from an address to the International Churchill Society.

When I was a junior in college and editor of the student newspaper I received an invitation to attend a speech at the Massachusetts Institute of Technology to be given by Winston Churchill, at a mid-century celebration. I drove with a fellow editor to Cambridge and awaited the appearance of the great man with high expectation, made higher by advance notice given by Mr. Churchill to the press to the effect that his speech at MIT would be an important historical statement.

Mr. Churchill's preceding visit to the United States had been to Fulton, Missouri, and we wondered excitedly whether he would go even further in characterizing the Soviet Union and its leader. We watched him with fascination as he came to the chair—he was shorter than I had envisioned, less rotund. He guided a cane with his right hand, but even so needed help to rise to the lectern. The hypnotizing voice boomed in, and our attention was on tiptoe.

I remember rushing back to New Haven with some trepidation that the story I would write for the *Yale Daily News* might feature something Winston Churchill had said that was different from what the *New York Times* and the Associated Press and the United Press agreed was the major news story. In fact Mr. Churchill hadn't said anything different from what he had said before, which was that the discovery of the atom bomb, as we then called it, might prove to be the greatest humanitarian invention in history, making war so awful that wars would never again be fought. That hope did not prove prophetic, in that eighty million people have been killed in warfare since he gave it voice, but then it is true that most of them were killed in battles in which there was no general at hand who had the atom bomb in his quiver.

But what mattered in 1949 was the *possession* of the bomb. When Mr. Churchill spoke it was exclusively ours—copyright Los Alamos, U.S.A.; but the pirate paid no attention, and within months he would develop his own bomb or, more exactly, succeed in transforming blueprints provided by American and British spies into a nuclear bomb.

But of course, the real nightmare had already come by mid

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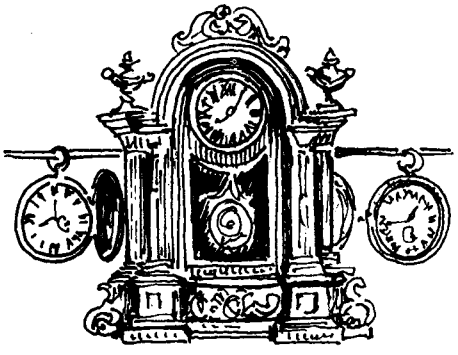
century, to Eastern Europe; Czechoslovakia had fallen just the previous year. Mr. Churchill was to some extent on a diplomatic rein that night and he did not mention the name of Stalin, referring instead to "13 men" in the Kremlin. But the image of Stalin was clearly in his mind when he recalled that the Mongol invasion of Europe, well under way seven hundred years earlier, had been interrupted by the death of Genghis Khan. His armies retreated four thousand miles to await a successor, and they never returned. Might such a thing happen again? Churchill wondered.

Four years later, Stalin obliged us all by going, one hopes, to a world even worse than the one he had created, assuming such exists; but it was not as when Genghis Khan departed the world without leaving a successor: Stalin's successors would keep intact the evil empire for almost forty years. The plight of the captive nations, the dismaying challenges that lay ahead, the struggles in Berlin and Korea and Vietnam, the hydrogen bomb, the Cuban crisis, all unfolded with terrible meaning for those whose statecraft had failed us.



IN October of 1938, a despondent Churchill had spoken in Commons about the failed diplomacy of his colleague, Neville Chamberlain. He said then, "When I think of the fair hopes of a long peace which still lay before Europe at the beginning of 1933 when Herr Hitler first obtained power, and of all the opportunities of arresting the growth of the Nazi power which have been thrown away; when I think of the immense combinations and resources which have been neglected or squandered, I cannot believe that a parallel exists in the whole course of history." Well but of course a parallel would come again, in Mr. Churchill's lifetime, and in that parallel he was a major player, if not, alas, the critical player.

In the same speech after the Munich conference in 1938 Mr. Churchill ruminated on British history. Only an Englishman, surely, would be capable, except in parody, of the following commentary. "In my holiday," he said, "I thought it was a chance to study the reign of King Ethelred the Unready." (What did you study during *your* holiday, Mabel?) "The House"—Mr. Churchill was addressing Parliament—"will remember that that was a period of great misfortune, in which, from the strong position which we had gained under the descendants of King Alfred, we delved swiftly into chaos. It was the period of Danegeld and of foreign pressure. I must say that the rugged words of the *Anglo-Saxon Chronicle*, written a thousand years ago, seem to me apposite, at least as apposite as those quotations from Shakespeare with which we have been regaled by the last speaker from the Opposition Bench. Here is what the *Anglo-Saxon Chronicle* said, and I think the words apply very much to our treatment of Germany and our relations with her. 'All these calamities fell upon us because of evil counsel, because tribute was not offered to them at the right time nor yet were they resisted; but when they had done the most evil, then was peace made with them.'

"That," Mr. Churchill concluded, "is the wisdom of the past, for all wisdom is not new wisdom."

Six years later—and five years after England's and his finest hour had begun to tick, which was when England denied to Herr Hitler the right to enslave Poland—Churchill prepared for the Yalta Summit in January 1945. He confided to his private secretary, John Colville, "*All the Balkans except Greece are going to be Bolshevized. And there is nothing I can do to prevent it. There is nothing I can do for poor Poland either.*" To his cabinet he reported that he was certain that he could trust Stalin. The same man whose death he would so eagerly anticipate at MIT in 1949, in 1945 he spoke of as hoping he would live forever. "Poor Neville Chamberlain," he told Mr. Colville, "[he] believed he could trust Hitler. He was wrong. But I don't think I'm wrong about Stalin."

HIS concluding experience with Stalin came just six months later, at Potsdam. By then Winston Churchill had come upon another historical force for which he was, this time, substantially unprepared. The first week in June he had gone on the BBC to alert the voters to a potential domestic catastrophe which he was quite certain would never overpower even a country exhausted by the exertions of so fine an hour. "My friends," he said, "I must tell you that a socialist policy is abhorrent in the British ideas of freedom. Although it is now put forward in the main by people who have a good grounding in the liberalism and radicalism of the early part of this century, there can be no doubt that socialism is inseparably interwoven with totalitarianism and the abject worship of the state. It is not alone that property, in all its forms, is struck at, but that liberty, in all its forms, is challenged by the fundamental conception of socialism."

But it was the fate of Winston Churchill to return to power in 1951 resolved *not* to fight the socialist encroachments of the postwar years. He and England were too tired; and, as with Eastern Europe and Poland, there was nothing to be done. There was no force in Europe that could move back the Soviet legions, and no force in Great Britain that would reignite, until after the passage of 25 years, the vision Mr. Churchill displayed, speaking only to the BBC microphones that day in June, since nobody else was listening.

Mr. Churchill had struggled to diminish totalitarian rule in Europe, which, however, increased. He fought to save the empire, which dissolved. He fought socialism, which prevailed. He struggled to defeat Hitler—and he won. It is not, I think, the significance of that victory, mighty and glorious though it was, that causes the name of Churchill to make the blood run a little faster. He later spoke diffidently about his role in the war, saying that the lion was the people of England, that he had served merely to provide the roar.

But it is the roar that we hear, when we pronounce his name. It is simply mistaken that battles are necessarily more important than the words that summon men to arms, or that remember the call to arms. The battle of Agincourt was long forgotten as a geopolitical event, but the words of Henry V, with Shakespeare to recall them, are imperishable in the mind, even as which side won the battle at Gettysburg will dim from the memory of men and women who will never forget the words spoken about that battle by Abraham Lincoln. The genius of Churchill was his union of affinities of the heart and of the mind. The total fusion of animal and spiritual energy:

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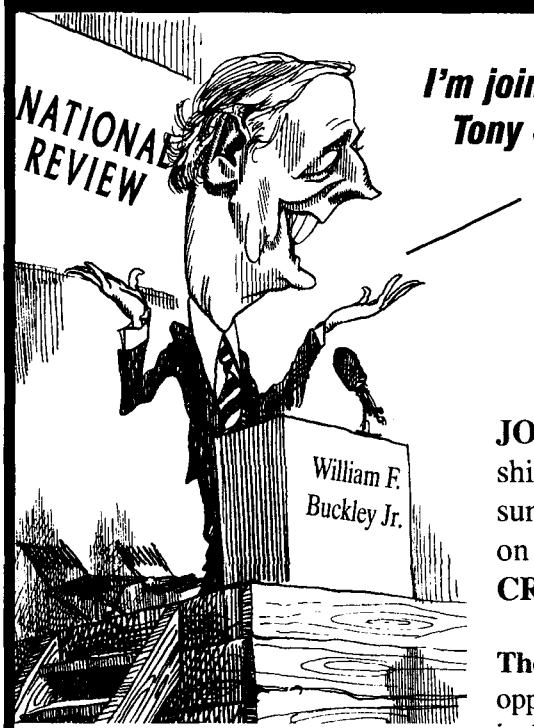
HEY, MR. BUCKLEY, YOUR TEAM JUST WON THE NOVEMBER SUPER BOWL. NOW WHERE ARE YOU GOING?



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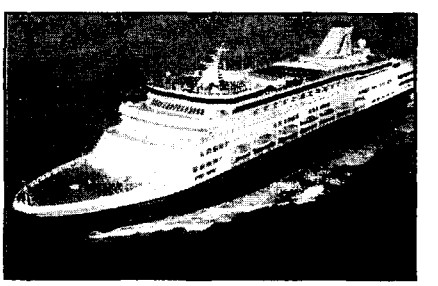

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"You ask what is our policy? I can say: It is to wage war, by sea, land, and air, with all the might and with all the strength that God can give us.

"What is our aim? I can answer in one word: It is victory. It is victory, victory at all costs, victory in spite of all terror, victory however long and hard the road may be."

IN other days, from other mouths, we would mock the suggestion that extremism in defense of liberty was no vice. Churchill collapsed the equivocators by his total subscription to his cause. "*Let 'em have it*," he shot back at a critic of area bombing. "*Remember this. Never treat the enemy by halves.*" Looking back in his memoirs on the great presidential decision of August 1945, he wrote, "*There was never* a moment's *discussion as to whether the atomic bomb should be used or not.*"

That is decisiveness we correctly deplore when we have time to think about it, but he was telling his countrymen, and indirectly Americans, that any scruple, at that time of peril to the nation itself, was an indefensible and unbearable distraction. He was from time to time given to reductionism in other situations, and Churchill could express his frustration in searing vernacular. Working his way through disputatious communications from separatists in New Delhi in 1942 he exclaimed to his secretary, *"I hate Indians."* I don't doubt that the famous gleam came to his eyes when he said this, with such mischievous glee—a verbal offense, in modern convention, of genocidal magnitude.

But this was Churchill distracted from his purpose. We are allowed by his many portraitists to see the warts Cromwell insisted be preserved; which warts, however, do not deface the memory of Churchill because of the nobility of his cause and his high sense of the British moment. "*Hitler knows that he will have to break us in this island or lose the war. If we can stand up to him, all Europe may be free and the life of the world may move forward into broad, sunlit uplands. But if we fail, then the whole world, including the United States, including all that we have known or cared for, will sink into the abyss of a new Dark Age made more sinister, and perhaps more protracted, by the lights of perverted science. Let us therefore brace ourselves to our duties and so bear ourselves that if the British Empire and its Commonwealth last for a thousand years, men will still say, 'This was their finest hour.'*"

It is my proposition that Churchill's words were indispensable to the benediction of that hour, which we hail whenever we praise this famous man. □

The Man Man

FLORENCE KING

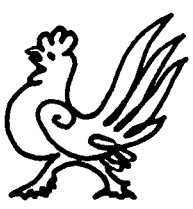
ROBERT Bly is known as "the woods man," "the tom-tom man," or simply "the man man" thanks to the movement he founded to help men rediscover what he calls the "mythopoetic" roots of masculinity through reenactments of primitive male-group rituals. It involves campfires, animal skins, reverence for the tribal elder (Bly), and enough spears for round-the-clock performances of *Aida* in the major opera houses of the world. Bly described it all in his first book, *Iron John*, which cried out for satirization—and got it. The funniest send-up was *Iron Joe Bob*, by my partner in columny, Joe Bob Briggs.

The Sibling Society, by Robert Bly (Addison-Wesley, 272 pages, $25)

In his new book, *The Sibling Society*, Bly analyzes our fatherless era and concludes that the Oedipus complex has been downsized. Without fathers to struggle against, more and more boys are being deprived of the maturing experience that the Oedipal situation imposes. Aiding and abetting this literal fatherlessness is the figurative fatherlessness that has plagued us since the Sixties destroyed hierarchy, authority, and tradition. With nothing and no one to look up to, we have become a "horizontal" society of perpetual siblings whose level gaze is locked on passive Mother Television, where two fatherless sons, Clinton and Gingrich, vie for our attention.

Trimmed down to its essentials, Bly's thesis would make an interesting five-thousand-word magazine article, but he doesn't pack a blue pencil in his old kit bag. He approaches the writing craft like Thomas Wolfe, who, asked to cut his manuscripts, replied: "Flaubert me no Flauberts, Bovary me no Bovarys, I'm a putter-inner, not a taker-outer."

Among the things Bly puts in this book are the complete text of "Jack and the Beanstalk," poems by everyone from Emily Dickinson to Hadewijch of Antwerp, Greek myths, Sioux rituals, Nordic sagas, and Hindu legends that read like early *Ms.* magazine: "If the elephant relates Ganesha to the magnificent areas of male divinity, the cow's head relates the Sister to the Great Goddess, to the Goddess of Life and Death."



Matters go from bad to worse when he stops ponying other writers and speaks for himself. He doesn't seem to be in the habit of revising and polishing his work—or even rereading it. Real men write rough drafts, and his prose style provides comic relief on nearly every page.

> Elvis was a part of what women had longed for, not militaristic, not rigid in feeling, not exclusionary toward mothers and young women, but lighthearted, open to impulses rising from below his belt, playful, and yet grounded in sexuality, heavier than Peter Pan, more human than the stiff-faced old grandfather who wound clocks. Young women felt themselves losing some of their Doris Day rigidity. . . . Why shouldn't she give up her mother's stuff about waiting until the ring is on the hand before having fun with zippers?

Whether from an excess of testosterone or simply a tin ear, his comparisons read like a clash of titans: "Why should desire disappear, like the red wolf, the passenger pigeon, and the Irish elk, into extinction?" Like heroism, sacrifice, and chivalry? Like faith, hope, and charity? The sentence requires three emotions, or three ethics. To go from desire to elks conjures a bellowing rut.

An incorrigible romantic in the Jean-Jacques Rousseau mold, he periodically slips over the line into metaphorical hysteria: "The big mother is the breasty mother, or the woolly mammoth moth-

Miss King is the author of The Florence King Reader, *among other books.*

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er, or the flooding mother. She is moorish, spongy. She is great." "Ronald Reagan was a sort of Grand Central Station for the trains of disaster."

This very short book takes a very long time to read because one keeps stopping and saying, "Huh?" Bly's howlers are memorable, as when he states that Oedipus "puts out his eyes with a hatpin," leaving the reader to reflect on an ancient Thebes full of Floradora girls. In the play, Oedipus uses the shoulder brooches that he tears from the dead Jocasta's robes.

In a tangled discussion of "vertical thought" and hierarchy, Bly tells us that the former has to do with longing and the latter with power, a distinction that was lost when the Catholic Church "conflated the two" and destroyed metaphorical thinking with its doctrine, "No salvation outside of the church." Bly renders this as "*Ex exclessiam nulla sallus*," proving that a little Latin is a dangerous thing.

He really goes off the rails in his overview of the various male movements that have shaped American life. The first of these was the cult of the western with its solitary rogue-male hero who practiced silence and stoicism and shunned introspection.

> The movement produced books with titles like *Riders of the Purple Sage* instead of *A Room of One's Own*. We remember President Reagan's fondness for Louis L'Amour. We could say that Ronald Reagan was a late-coming Phyllis Schlafly for this group, although true to the western type, he spoke very little and it was mostly jokes. President Reagan was probably reading westerns when he invaded Grenada and sent illegal arms to the *contras*. President Bush could also be said to have been "west of everything" during the Gulf War.

What, besides an inept Homeric simile, is a "late-coming Phyllis Schlafly"? If he's using her as a symbol of political reaction, does he mean that Reagan made it okay for men to read westerns the way Mrs. Schlafly made it okay for women to be anti-feminist? Or that he stopped men from reading westerns the way Mrs. Schlafly stopped the ERA? And if speaking very little made him true to the western type, what does that "although" mean? And what does Virginia Woolf's book have to do with all of this?

Turning to the male-feminist movement, Bly writes: "They want attention drawn, and against male violence in the

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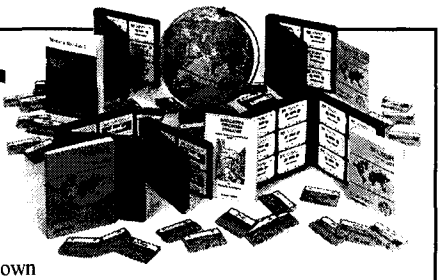

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home and in the world at large." He doesn't like male feminists because they are "full of judgment," meaning, I suppose, that he tried to say "opinionated" and missed; and because they are "idea fighters." Like narrow-minded fire fighters.

Of his own mythopoetic movement he says, "It cares for elegant and expressive language in poetry and storytelling," explaining: "Through story, men can recognize spiritual energy or warrior energy or lover energy come up, and men then have a choice of how to live that energy."

The latest men's movement is the Promise Keepers, founded by a former University of Colorado football coach, who dedicate themselves to staying married and home at night. They meet in football stadia, Bly says, because men feel more comfortable there. Why? "Emotion is allowed for men in sports stadiums, even though the emotion tends not to be very personal or inner."

We can expect to see Bly on the passive Mother Television he claims to despise, promoting *The Sibling Society* amid kudos of "original," "groundbreaking," and "seminal." It is none of these. It's a padded cell between hard covers, but I can't leave you with that. Those, after all, are my own words, and we must be mythopoetic, so I'll quote something.

The story of Lazarus in John 11:39 contains an apt appraisal of Robert Bly's book: "Lord, by now he stinketh, for he hath been dead four days." □

Not without Smear

RALPH DE TOLEDANO

READING *Not without Honor*, I was reminded of the tongue-in-cheek comment of Wilmot Lewis, then dean of foreign correspondents in Washington, about Elliott Roosevelt's book on FDR: "The boy did not understand what the men were talking about." The history of anti-Communism in America is the subject taken up by Richard Gid Powers, but it is too complex to be left to someone who clearly knows little about the Russian Revolution—in the first paragraph of his book he has the social democrats overthrowing the Tsar and the Bolsheviks overthrowing the social democrats—and even less about the record of both the anti-Communists and the Communists in the United States.

Professor Powers, from that bastion of anti-anti-Communism, the City University of New York, has read many books, and presumably the daily papers, but despite the mountains of evidence from the Venona intercepts, the research of objective historians, and the disclosures of former officials of the Soviet secret police, he cleaves to the belief that most talk of Soviet and Communist espionage and the infiltration of American society has been "red-web conspiracy" nonsense from crackpots. In spite of this, some conservatives, perhaps because they were overcome by the book's grudging approbation of *some* anti-Communists, have applauded the book—at a time when even the *Washington Post* is conceding that the anti-anti-Communists were dead wrong and that Senator Joseph McCarthy may have been right.

Not without Honor: The History of American Anti-Communism, by Richard Gid Powers (Free Press, 554 pp., $30)

Powers divides the forces that fought the Kremlin's attempts to destroy American society into "countersubversives" and "liberal anti-Communists," among whom he includes William Buckley. Countersubversives = bad; liberal anti-Communists = good. To arrive at this position, he is forced to equate all those who meticulously exposed Communist infiltration and perfidy with the now-forgotten Elizabeth Dilling and other crackpots. To do so he must smear as "unstable" Elizabeth Bentley, about whom a Justice Department official stated that everything she said that was susceptible of checking proved to be true; and as a "drunk" J. B. Matthews, whose files were unassailable. He must also dismiss the "apocalyptic extremes of anti-Communists like James Burnham."

The *Amerasia* case is brushed aside in misleading paragraphs which falsely claim that there was no prosecution because the evidence was tainted—though Professor Powers acknowledges in his notes that he read the full and fully documented account in my book, *Spies, Dupes, and Diplomats*, as well as others. His recapitulation of the Hiss case is laughable, and he has Whittaker Chambers, prior to 1948, going "from government office to office trying to persuade officials to look at the papers he copied from Alger Hiss"—which even the pro-Hiss zealots do not allege. The Hiss case, in fact, seems to offend him, for he writes that never before had "the countersubversives been able to sustain their now tired charges of treason in high places. . . . They could use Hiss's conviction to lend credibility to their most outlandish red-web fantasies."

Mr. Powers would rather join the liberals, pinkos, and fellow travelers—he refers to them always as the "progressive Left"—and discard careful documentation by anti-Communists as "loony." "Loony"? It was claimed in the Thirties and Forties, to shrieks of rage, that Harry Hopkins was sympathetic to the Communists, and now KGB files show that he was an "agent of influence." The reader may smile when Powers argues that J. Edgar Hoover sought a "legal basis for a round-up of Communists in the event of a crisis with the Soviet Union"—when Hubert Humphrey had already included such a round-up in enacted legislation. Weepy about the Hollywood Ten, he gets most of his facts wrong, and neglects to mention that those who suffered most from the hearings were anti-Communists like Morrie Ryskind, James K. McGuinness, and Adolphe Menjou.

It is, in fact, difficult to get a fair sighting on J. Edgar Hoover, from the Palmer-raid days to the time of his death—or on Harry Truman's cover-up for Soviet spy Harry Dexter White or his admission to Judge Sam Rosenman that his "red herring" remark was a phony. And nowhere does Powers detail the exemplary record of *The New Leader*, financed largely by the ILGWU's David

Mr. Toledano is the author of several books on Soviet secret-police operations. Notes from the Underground, *his correspondence with Whittaker Chambers, will be published later this year.*

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Dubinsky, in the exposure of the Communist apparat. Professor Powers tips his hand by asserting that "the reports on Communist activities [by the House Un-American Activities Committee] were for the most part accurate, [but] they had the unfortunate result of stoking the paranoia [of countersubversives by] giving them facts which were true but misleading." And how do we categorize his efforts to dump most of his misunderstanding of anti-Communism on the Catholic Church? He "traces" the anti-Communism of Catholics "to their conflicts with other ethnic groups."

But let me be fair. Richard Gid Powers does devote space to the systematic lynching of anti-Communists by the liberals, the liberal press, and his "progressive Left." But he deals here mostly in generalities. There is no word about the many anti-Communists who sacrificed comfort and career to battle the Communist terror—no word about Carlo Tresca, the great anarchist and anti-Communist editor and fighter, who was murdered on a New York street by one of Stalin's executioners. And what about the purges in Spain of anti-Communists who joined the ranks to fight what they saw as fascism, or the KGB murder campaign against anti-Communist Loyalist refugees in Mexico?

Anti-Communist fighters like John Chamberlain, to name but one in a long roster of those who exposed the conspiracy, get almost no mention. Professor Powers does not believe that the conspiracy really existed. Instead we have snide references to "Moscow gold" —though it is a matter of documented record that John Reed brought $1 million of Kremlin money to these shores, very big money then, and that the flow continued. Atomic espionage, with J. Robert Oppenheimer as protagonist in the operation, goes by the board—as do other important cases.

I am glad that Professor Richard Gid Powers assures us that as anti-Communists we are not without honor. But those who fought in the anti-Communist war, and whose careers were destroyed by the "progressive Left," will not rejoice. *Not without Honor* is a flawed book—flawed not because of ill will but because of simple ignorance. Just for the record, Professor, it was Prince Lvov and the upper middle class that overthrew Nicholas II, and Alexander Kerensky who was driven from office by Lenin's coup d'état. □

Brown Dwarf

MATTHEW CAROLAN

MARIO Cuomo has for years been hailed as both the philosopher-king and the humble "conscience" of the Democratic Party, a formidable, saintly genius of liberalism. Since his efflorescence at the 1984 Democratic convention, even many conservatives have accorded this, their archenemy, a certain respect.

Mario Cuomo is a walking *reductio ad absurdum*. He likes to define who he is by attacking other people, to whom he attributes bad faith and bad reasoning. He is, as former New York State Comptroller Ned Regan once put it, "always on offense."

When confronted recently by a *New York Post* investigative reporter who wanted to know why Mr. Cuomo and some friends had the special privilege of playing basketball at a city facility closed to the public, Cuomo, referring to his intervention to save the *Post* in 1993, shot back, "Special privileges was when I kept you alive." A red herring, and a *tu quoque*. Classic Mario Cuomo.

In that unguarded moment Mr. Cuomo stumbled onto a truth nowhere to be found in this book, allegedly a "vivid rebuke" to the Contract with America. That truth is that government intervention to save or enhance certain people's jobs is a kind of "special privilege" for "special interests." And it deserves the contemptuous treatment Mr. Cuomo gave it in his encounter with the reporter, since it is nothing but influence peddling. In this book Cuomo sanctifies it, elevates it to a national interest, and calls it "investment."

Reason to Believe, by Mario Cuomo (Simon & Schuster, 191 pp. $21)

Mr. Cuomo's mania for "investments" resulted in a $5-billion deficit for his

Mr. Carolan is NR*'s executive editor*

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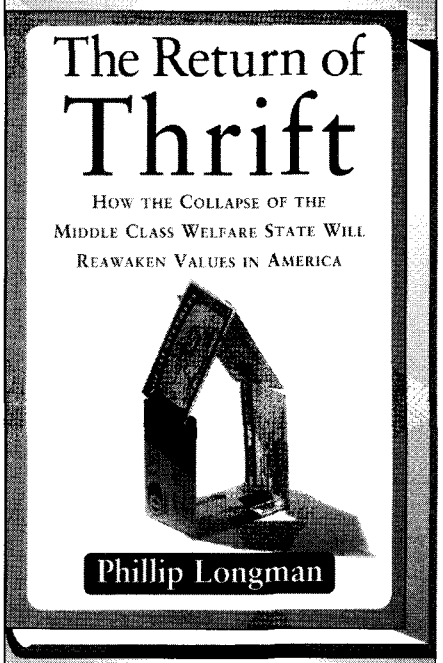
The Return of
Thrift
How the Collapse of the Middle Class Welfare State Will Reawaken Values in America
Phillip Longman

"An unsparing and unnerving audit of the cost of so-called entitlements which makes the debate on balancing the federal budget appear all but irrelevant." —*Kirkus Reviews*

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*Senator Bill Bradley

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state, which is one reason he is now undergoing serious demythologization. The process started when it was revealed that, as governor, Cuomo had the state sell to itself a prison and a road, an unconstitutional means (called "one-shots") of creating long-term debt without voter approval.

Then there were damaging revelations that a close personal friend and appointee of Mr. Cuomo's allowed the Mafia, right under his nose, to infiltrate New York City's Javits Convention Center.

This book continues the Cuomo slide. Critics Left and Right have panned the "vivid rebuke" for its lack of specifics. Like most devotees of the New Deal paradigm, Mr. Cuomo doesn't know exactly what to say now that big government is in crisis. So he excuses the lack of detail by telling us that all his ideas would require "thousands of pages of bills and budgets"—a variation on the schoolboy's evasion, "It's too complicated—you wouldn't understand." Cuomo often got away with such thoughtful liberalism when he was governor, where he could appoint, with much fanfare from the press, a special "blue ribbon" commission to act as his demiurge.

Here, on his own, Cuomo prefers to go *via negativa*. His scare tactics include invoking a return to "social Darwinism" or the meat-packing *Jungle* of Upton Sinclair. The "contractors" (i.e., Gingrich & Co.) would take us back to the Articles of Confederation (straw man) and ignore our Constitution (begging the question).

Does government need fixing? Sure it does, says Cuomo. Do we need to get rid of burdensome regulation? Sure. But we don't need "mindless" deregulation (straw man).

Did the Democratic Party make mistakes? Sure "they" did.

Do we need to regain "a compelling sense of individual responsibility—to pull your own weight, save for the future, put your children's needs before your own, or give something back to the community"? Sure. But meanwhile something called the Republican "New Harshness"—the other half of Cuomo's Manichean universe—is threatening humanity.

Mr. Cuomo suffers from a bad case of sloth. In this book he appears incapable of engaging ideas and opponents seriously, with attention to detail. In attacking libertarians, he cannot decide whether he wants to be a politician, in which case he can be simplistic, or Thomas Aquinas, which would require a substantial *Summa* directed against the Cato Institute. So for a patina of phony sophistication he resorts to straw men and false dilemmas, which reveal the limits of his imagination.

Regarding Phil Gramm's remark about government "that rewards us when we fail and taxes us when we succeed," Cuomo thunders: "we must infer [government] ought to give to those who presumably succeeded and take from those who fail." No, Mr. Cuomo, we need not infer that. It would be a fallacy.

Here is Cuomo trying to defend industrial policy: "Decisions over closing surplus military bases or producing new generations of weapons have become struggles for local jobs and community development," a kind of "de facto" industrial policy by Republicans. Again, *tu quoque*. Cuomo, so skilled at pointing out apparent hypocrisy in others, does not really know how to argue his own position.

If we were to roll the tapes of his old State of the State addresses, the television appearances, etc., I suspect we would find quite a lot of this kind of thing. The real Mario Cuomo is not brilliant, he is just powerfully, fallaciously argumentative. He is the gaseous brown dwarf who never became a star; a would-be President, would-be Supreme Court Justice, would-be distinguished author. Now he fritters away his time on talk radio, bullying Ted from Brooklyn into "yes or no" answers, and chastising radio loudmouth Bob Grant.

Friends say life out of politics is "killing" Mario Cuomo. It couldn't happen to a nicer guy. □

FILM

For All Seasons

JOHN SIMON

ANDRE Téchiné has always struck me as a profoundly spurious director, whose films were vapid and vague, pretentious and hollow, their texture threadbare, their craft rudimentary. Last year, his *Wild Reeds* won the Oscar for best foreign film, and though it was better than usual for him, it was still far from compelling. The year before (1993), he directed and cowrote ***Ma Saison Préférée***, and this strikes me as a major achievement. I do wish, however, that the French title had not been kept, giving the film a chichi, art-house aura. But someone must have been afraid (unfoundedly) of creating a confusion with *My Favorite Year*.

Anyway, *Saison* is an ambitious attempt to deal with the interlocking problems of three generations within one family, and one outsider who impinges on them. Emilie (Catherine Deneuve) is in her mid forties, a former great beauty still very handsome, and works, like her husband, Bruno (Jean-Pierre Bouvier), as a notary public in Toulouse. Her mother, Bertha (Martha Villalonga), is a zesty but stubborn widow of 76, living in a small country house but apparently no longer able to take care of herself. Emilie moves her in with Bruno and herself and their children. Anne (Chiara Mastroianni, and fine) is a first-year law student, who now has her own place; Lucien, an adopted son (Anthony Prada, and not very good), is raw-boned and surly, and has made it to nothing higher than bouncer in a Toulouse bar.

Emilie's somewhat younger brother, Antoine (Daniel Auteuil), a brain surgeon who often behaves erratically, has fallen out with Bruno, and so hasn't seen Emilie in years. A very neurotic neurologist, Antoine—it becomes progressively clearer—is unconsciously in love with his sister, who has strong, but not incestuous, feelings for him. No wonder Antoine and Bruno don't get along. But now that Bertha is living with them, Emilie needs help with this difficult mother who desperately misses her country house. So she secretly seeks out her brother at his hospital, and asks him to come visit. He does, and brings nothing but trouble.

The very first scenes of *Saison* attest to its mastery. Emilie is closing down

Mr. Simon is NR*'s film critic.*

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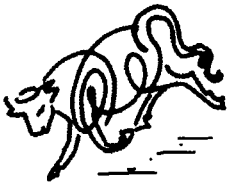
Bertha's house, and systematically locks the shutters on window after window. Through these windows we got glimpses of an idyllic countryside; now, with each newly closed window, the house becomes ominously darker. It is as if Bertha's life were evaporating with the fading light inside, even as, outside, nature is at its most radiant. Mother will have to trade green spaciousness for a black oubliette.

Another early scene shows Bertha at dinner with Emilie and Bruno, and the table talk, sparse and forced, nicely conveys the unease of the spouses, which the old lady's presence exacerbates. Emilie and Bruno, whom we saw as highly efficient in their office, seem no longer quite at home in their home. Finally, Bertha escapes to sit alone outside by the nocturnal swimming pool. Emilie goes after her and watches in horror as her mother chats away with her dead husband and then calmly explains these visitations to her daughter. It is a scene as chilling as it is touching, and it prompts Emilie's surreptitious call on Antoine at the hospital. The seriocomic upheaval his coming to dinner causes leads to Emilie's leaving her husband and setting up on her own. This, in turn, induces Antoine's feelings for her to come tumultuously to the fore, with unsettling results for all.



Counterpointing the vicissitudes of the older generation are those of the younger one. Khadija, nicknamed Radish (Carmen Chaplin), is of North African parentage and works as a secretary to Bruno and Emilie. A slightly dusky stunner, she is a hard worker, but also a sexually free spirit, currently the girlfriend of Lucien, with whom she enjoys terrific sex. But she also needs real loving, which the youth finds hard to admit to. Even mousy Anne has some proto-sexual feelings about Radish, as emerges from a naïvely sensual striptease the girl performs for the siblings. The theme here is how sexual attachment gradually leads to love, even as the loss of it between Emilie and Bruno nibbles away at their marriage. Unfortunately, Téchiné is not quite successful at integrating these opposite movements into a convincing interplay; indeed, we are never clear about why Lucien was adopted in the first place, and why, given a solid middle-class upbringing, he should still feel and behave like a lower-class interloper.

Anne's anxiety as a daughter torn between her father, with whom she sides, and her mother, whom she misses, is presumably intensified by her lack of appeal to men; though this remains a mere hint, it is nicely suggested. Lucien's emotional strangulation is likewise effectively conveyed. And there are fascinating sidelights on neurology, as exemplified by Antoine's intervention in his mother's deteriorating mental processes. We experience the striking contrast between his professional proficiency and private awkwardness.

Even though the film works well enough as a whole, its chief strength is in the individual scenes, some of them seemingly quite ordinary. Thus a thoughtful talk between Antoine and Emilie about their growing pains as children and escalating problems as adults takes place at a roadside restaurant in what would be a charmingly rustic setting were it not for the cars whooshing by on the highway just behind them. These cars function as a cacophonous accompaniment to an apparently harmonious duet that, nevertheless, cannot end well.

Other scenes may border on the surreal. Take, for instance, Antoine's ludicrous attempt at suicide, brilliantly executed by actor and director. More unsettling is the scene in a bar where a sixtyish woman (Ingrid Caven) suddenly and loudly intones a song about mortality and has to be escorted out. Most filmmakers would shy away from such weird, seemingly preposterous and certainly marginal, incidents; Téchiné risks them, and they pay off.

Most disturbing is this scene: Emilie has been living apart for some time now, is unnerved by the turn of events, and has not had any sex. Waiting for Antoine in the hospital cafeteria, she sits visibly dejected. A randy intern notices her—middle-aged but still beautiful, ostensibly an easy mark. He makes an obvious but wordless pass at her, which Emilie indignantly rejects. She hurries outside, sits down under a tree in the hospital garden, and tries to regain her equilibrium. The intern follows her and starts groping her with bestial aggressiveness. We expect an even more summary rejection; instead, Emilie yields to a wild, wordless copulation on the lawn.

This may seem utterly improbable, but when you consider the unaccommodated female being's confusion and phy-

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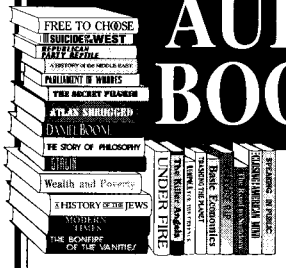

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sical need, swift and anonymous relief may not be such a far-fetched solution. Either way, it is a brutal, grinding episode, but incisively acted as it is by Miss Deneuve, clearly exposing the contrary impulses in a tug-of-war underneath her crumbling composure, the scene is one to stay with you, like it or not.

Could it have happened this way, one wonders, when Chiara Mastroianni was conceived in the illegitimate union of two extraordinarily attractive actors, Marcello Mastroianni and Catherine Deneuve, whom their work had thrown together?

But, I repeat, the wistfully contemplative, indeed Chekhovian scenes are equally powerful. Thus, near the end, the principal characters are again sitting around a table, this time eating in the garden, and speculating on what their favorite season might be. The personages, in this *al fresco* meditation, subtly affirm their allegiance to nature as her children, men and women rather than angels.

Catherine Deneuve is more deeply woman and human being in this movie than she has perhaps ever been; as her brother, the remarkable Daniel Auteuil manages to be both handsome and ugly (a *joli laid*), obliging and a pain, perceptive and obtuse. As he scrambles all this inside him and lets it dribble out gradually, his is a performance of shattering veracity. Carmen Chaplin (Radish) is an innocent enchantress with the most disarming appeal, and Marthe Villalonga's exasperating Bertha is all the more poignant for the utter refusal to play on our sentiments. *Ma Saison Préférée*, an uncommodious comedy, is a film for all seasons. □

MANNERS

In Defense of Chain Stores

JAMES GARDNER

SIX of us were dining at a fashionably dingy restaurant near Union Square in Manhattan, having just come from a reading of new fiction held at the massive Barnes & Noble that had just opened on the Square. The conversation came round to the bookstore itself, and someone said hesitantly, shyly, almost under his breath, "All things considered, Barnes & Noble isn't half bad." There was an embarrassed silence. Then someone else spoke up and admitted that she too rather liked the store. And before you knew it, all of us had begrudgingly admitted that we positively liked Barnes & Noble.

It was not that we did not know better, that we did not appreciate that nice people just didn't say such things: in certain circles, after all, this admission would have been a conversation stopper akin to, "You know, George Wallace really made a lot of sense . . ." We fully understood why we were supposed to hate Barnes & Noble: it's a corporate juggernaut driving out the smaller mom-and-pop bookstores; its interest in literature is middle-brow and thus suspect; it imposes Stalinist uniformity on the book world where previously there had been variety. And yet, having just visited the expansive and brightly lit structure on Union Square, we were compelled to admit that it had helped to transform what had been one of Manhattan's sleazier sections into a surprisingly glamorous area.

Furthermore, a moment's reflection was enough to see through the snobbery involved in not succumbing to the charms of Barnes & Noble. The pseudo-egalitarian claim that chain stores represent big business squeezing out the little guy is ill considered, not to say hypocritical on the part of tweedy types looking to defend their overpriced and understocked enclaves against the middle-brow hordes. Resembling an old-fashioned public library more than a bookstore, this newest Barnes & Noble, one of many outlets throughout the United States, is so customer-friendly as to provide desks and leather armchairs for all comers, with no pressure whatever to buy anything at all. Indeed, the reading we had just been to, one of many scheduled, featured three novelists whose books had not yet even been published. The store's much touted café is among the most congenial meeting places in the city, and the store's selection of books competes with and often surpasses those of the most highly regarded bookstores.

Perhaps most important of all, Barnes & Noble has done something almost unique in American culture. By adorning its walls and stairways, even its shopping bags and coffee mugs, with images of authors, from Shakespeare to Proust to Alice Walker, it succeeds in making writers heroes in a way that the French instinctively understand but Americans generally do not. It pays its customers the ultimate compliment of supposing them to be civilized people who take literature seriously.

What makes Barnes & Noble especially interesting as a cultural phenomenon is that it is part of a growing trend in marketing. Throughout the city and the country we are witnessing the emergence of medium-sized chain stores—like Banana Republic, Nine West, the Body Shop, and Borders (another bookstore)—which offer the middle class increasingly more quality for their money. This is nowhere more evident than in SoHo, a mile south of Union Square. Seemingly overnight, the place has been taken over by the likes of Pottery Barn, Williams Sonoma, Crabtree & Evelyn, and Eddie Bauer. You can find a Starbuck's or a Timothy's espresso bar on virtually every corner.

As a result, several cutting-edge galleries are getting out of SoHo. Some of them, like Mary Boone, are moving to posh 57th Street; others, to the new hot spot, Chelsea. This move is prompted by a certain allergic reaction to that most unglamorous of species, the middle class, known in the lingo of the art world as the bridge-and-tunnel crowd—meaning the people who come from Long Island and New Jersey.

These people have just enough discretionary income to follow the fashions at a lag of some five years. Because they are neither the homeless, the demimonde, nor the fabulously wealthy, but just the middle class, they can never be assimilated into the art world's view of things. The dislike of these people and of the stores they patronize is usually couched in terms that are vaguely liberal—one laments the rampant gentrification that is taking place, with yuppies

Mr. Gardner is NR*'s art critic and the author of* Culture or Trash?

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driving out the less affluent, etc. But in fact it is the recasting of a familiar snobbery, that revulsion which certain admirers of "advanced taste" experience when their pref is finally embraced by the common man.

Yet this shift in taste is a fascinating thing to watch. Chain stores like Barnes & Noble, with its Edwardian armchairs, and Williams Sonoma, with its twenty different kinds of balsamic vinegar, are at the forefront of a change in the quality of life that has been evolving for about a decade now. Before the Second World War there was a home-made, almost pre-industrial feel to the products one bought and the food one ate. But with the spread of industrialism after the Second World War, fresh and authentic commodities became a luxury few ever seemed to want.

In a world of TV dinners, Wonder Bread, and iceberg lettuce, of shag rugs and plywood furnishings, department stores and supermarkets purveyed some items of elite taste to the middle class, but the craftsmanship was generally shoddy and the products felt fake. Though there was some improvement —or at least diversification—in diet and design by the late Seventies, it wasn't until about ten years ago that it became possible for many Americans, even those only modestly circumstanced, to expect and enjoy a high level of quality. Between the "green revolution" in fresh produce and the improvement in mass-produced clothing and furniture, between the faux Edwardianism of Barnes & Noble and the spread of the gospel of Martha Stewart, Americans—and others in the industrialized world—are more discerning and demanding than ever before. The new chain stores stand ready to meet their demands.

Though there is everywhere an increasing desire for novelty and diversity, for ever more exotic flavors and materials, what is perhaps most impressive about this shift in taste is that, more often than not, it feels like going home. Our food, unlike that of a generation ago, is as fresh and savory as it was a century ago. The material appointments of our existence are almost as refined as in centuries past. It will increasingly prove to be not the least sign of our civilization's genius that it has far outstripped the industrial age by reaching back to, and resurrecting, the best of the pre-industrial past. □

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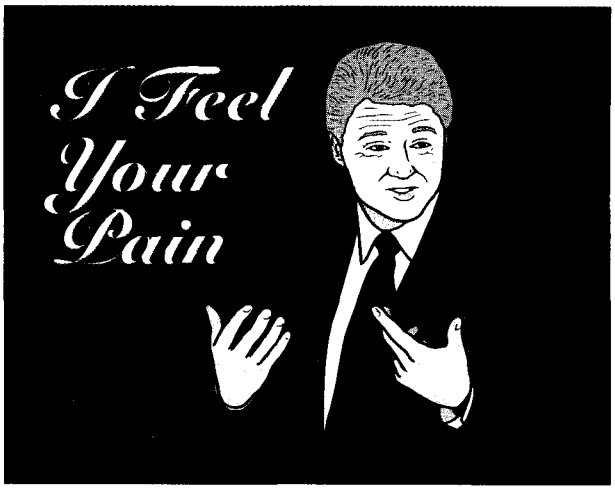

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DELECTATIONS

Don't Forget the Dog

DIGBY ANDERSON

AS THIS column regularly insists, what is wrong with most would-be cooks' cooking is that they are socialists. I know you don't think you are a socialist. And I'm sure you aren't one at the office or when you vote. I'm not quite so sure about when you're in your bedroom. A lot of chaps who are right-on conservatives in the office are a bit wobbly when it comes to sexual morals. But it is certainly the case that many more who are impeccably right in all the rest of their lives suddenly become Stalins when they get in front of the stove.

Take Geoffrey. He's trying to learn to do a little more cooking. I caught him the other day making his first Spanish omelet. Fine. A Spanish omelet is a first-rate dish. More people should cook them. There Geoffrey was, egg in one hand poised over a bowl in which were several other broken eggs. On the left of the bowl was the recipe he was following. It was the wrong recipe. It listed what is needed (for four people) as 1 pound of potatoes sliced thin, 2 cups of olive oil, 6 eggs lightly beaten, salt, and pepper. Now, I know this is the recipe given in nearly every book, but it's wrong for people who want to learn to make a Spanish omelet. And whom else could the recipe be for? If you know how to make one already you don't need the recipe. The correct recipe is 3 pounds of waxy potatoes sliced thin, 6 cups of olive oil, 36 free-range eggs lightly beaten, a high-sided cast-iron frying pan and a lid that covers it, salt and pepper, and a dog.

The dog does not have to be Spanish. Any dog will do. If you really can't get hold of a dog then you can try using a cat, or rather two, but they must be kittens. They won't be as good. Actually there is another missing ingredient, but we'll come back to that. Here's what you do. Cook the potatoes slowly in one and a half cups of oil—they should half sauté, half steam—using a spatula to make sure they don't stick. When they are cooked, turn them into a bowl and let them cool. Then add a dozen beaten eggs, the pepper, and the salt to the bowl and stir a little. Clean the frying pan. Put half a cup of oil in it, warm the oil over gentle heat, and pour back into it the potato-and-egg mixture. Cover it with a lid. Turn the heat to the gentlest (you may need a heat diffuser to even it out). Cook until the omelet is just set, shaking the pan occasionally and in later stages lifting the omelet with the spatula to prevent sticking. Finish the omelet off under the broiler for a moment.

Oh, I forgot, the dog. What will actually happen is this. You will break the eggs as Geoffrey did, directly into a bowl. You have obediently bought free-range eggs, eggs of chickens that are let out to eat over open country. Such eggs are, consequently, laid in different places. Occasionally it takes the farmer a while to find one of them. And for this reason or another it is bad. That would not matter except that you have just dropped this bad egg into the ten you have already cracked and it spoils them. So throw the whole mess away and start again. Always crack eggs into a cup one by one, then pour into the bowl.

On your second try everything is fine until you get to the final bit. No recipe can tell you precisely how to shake and lift, and you get it wrong. The omelet sticks and burns. Not enough to ruin it but enough to make it not very good. Give it to the dog.

Cats will often refuse an omelet, but kittens may eat a little. If you can get two of them, there is a chance one might. But dogs are better. At this point someone will suggest adding to the recipe instead of a dog "a pauper." Why not give the omelet to the poor? Now, I'm not going to get into this discussion here and now, though I find modern paupers even less reliable than kittens when it comes to unsuccessful dishes. Suffice it to say that you are having enough problems making a simple omelet without trying the reform of the Social Security system.

By now, though, you see the point, indeed several of them. Conservative cooks do not serve their first attempts at dishes to guests. It is not kind. They practice a new dish several times, and they anticipate failure. They know that no recipe can give them all they need to know, and that techniques—practical matters—are not well taught by printed instructions. In fact the missing ingredient I mentioned is, of course, a friend, a friend who knows how to cook a Spanish omelet. He will show you. And you can throw away the recipe.

Michael Oakeshott, the conservative political philosopher, put it like this, "It might be supposed that an ignorant man, some edible materials, and a cookery book compose together the necessities of . . . cooking. But nothing is further from the truth. . . . The cookery book is the stepchild not the parent of the activity. [It] may set a man to dressing a dinner but if it were his sole guide, he could never in fact begin: the book speaks only to those who know already the kind of thing to expect from it and consequently how to interpret it."

Good friends to show you, practice, ad hoc-ing your way along, accepting failure, these are what make a good Spanish omelet and any other dish. Reliance on The Plan, the theory—that is, the recipe—will get you nowhere. Socialism doesn't work; especially in the kitchen. □

Mr. Anderson is the editor of This Will Hurt *(National Review Books).*

BOOKS IN BRIEF

Idealism and Liberal Education, by James O. Freedman (Michigan, 186 pp., $29.95)

HAVE you noticed that very few university presidents today write books about higher education? No doubt this is a wise reticence, judging from the present volume by Dartmouth's president, James O. Freedman. He is engaging enough in his recollections of his New Hampshire boyhood, his years at Harvard and at Yale Law School, his passion for collecting books, and his quite early deci-

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BOOK BRIEFS

(Continued from page 74)

sion—ominous, I think—to make a career in administration. When it comes to the substance of higher education he is a cliché so gorgeous that he ought to be on permanent exhibition at the Smithsonian for tourists to gape at. He of course believes in racial preferences, and no doubt as a direct consequence embraces multiculturalism. That is, he thinks the student body should be racially representative, and therefore so should the curriculum. Quality becomes a mere contingent factor. It follows that he is hostile to the idea that there are great books, centuries of experience notwithstanding. He writes mini-essays on his "heroes," all of them liberal Democrats with the exception of Lincoln, who is of course safe. And, I'm not kidding, he advocates something he calls "intellectualism," maybe even half understanding that this refers to a social class and not to the activity of critical intelligence. Welcome to Snoozeville. President Freedman is sublimely complacent, to the point where he does not know that the fads he cherishes have all had their day and even now are passing into the history of a bad time in education. —JEFFREY HART

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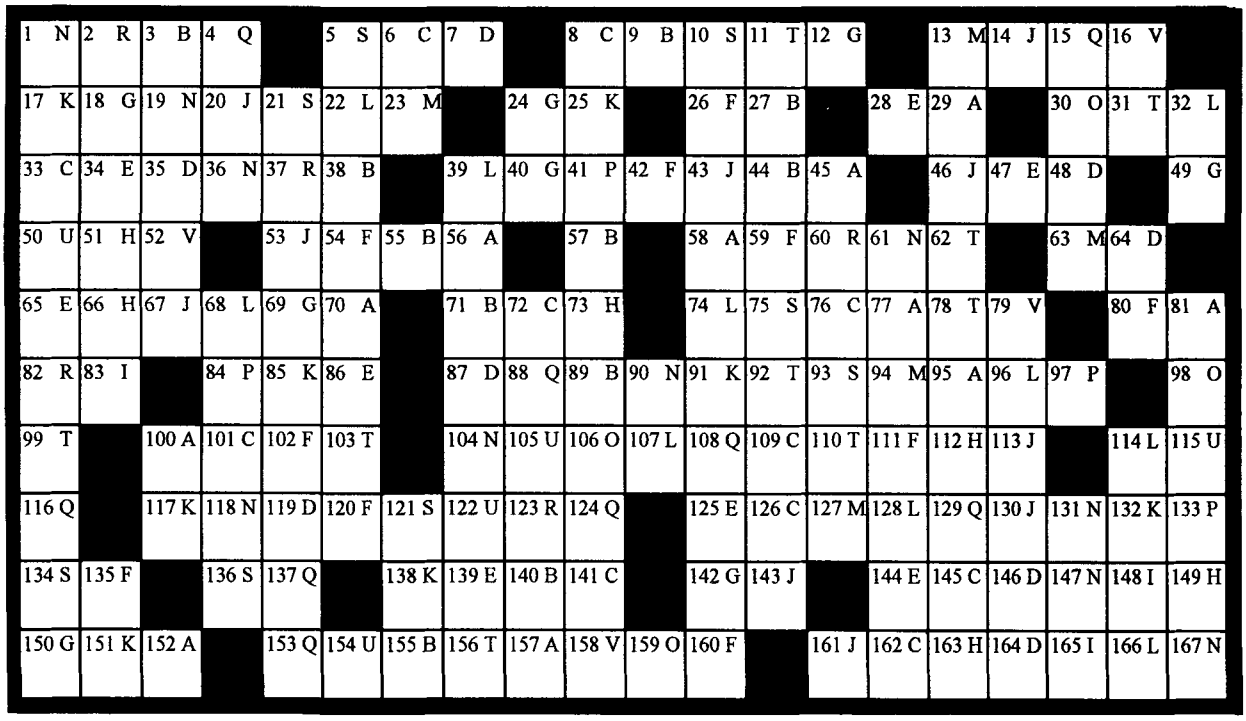
TRANS-O-GRAM / Siegfried R. Reiner



DEFINITIONS

A. Knack for happy coincidence: 100 152 58 56 95 70 157 81 77 45 29

B. Date which hubby dares not forget: 71 44 9 155 55 3 89 27 57 140 38

C. Baron famed for his "spirited" exposition of the law: 141 162 72 109 8 76 145 101 126 6 33

D. Yet to be surpassed: 146 7 35 64 164 87 119 48

E. Elevated to the peerage: 86 47 34 139 28 125 144 65

F. Given over to lust: 160 54 135 102 26 120 59 111 80 42

G. Defining (and dividing) issue for the GOP: 142 150 18 12 49 24 40 69

H. Subject to indignities: 73 66 163 51 149 112

I. Greedy capitalist insect, to grasshoppers: 165 83 148

J. Augustine polemicized against these heretics: 67 130 14 20 161 53 43 46 143 113

K. Pinch goods from stores: 17 85 91 117 151 132 138 25

L. The sour in sour milk (2 words): 32 114 39 22 74 166 68 96 128 107

M. Peaceful relations: 94 127 13 63 23

N. Crime that bedeviled Salem jurors in 1692: 1 147 131 104 61 19 118 36 90 167

O. Young Will Shakespeare's Mississippi?: 159 30 98 106

P. Brief missive: 41 133 84 97

Q. Mild senility: 116 153 129 15 108 4 88 137 124

R. Like TR's Riders: 37 82 123 60 2

S. Inherent: 121 93 5 136 134 21 75 10

T. Only a fool looks this equine in the mouth (2 words): 156 110 99 62 103 31 92 78 11

U. Third, with Duty and Country, at West Point: 50 105 115 122 154

V. Like upscale real estate, or Justice Scalia to his friends: 79 16 158 52

DIRECTIONS

The object of TRANS-O-GRAM is to fill in the puzzle diagram by guessing the words from their definitions, and transferring each letter of the guessed word to the correspondingly numbered square in the diagram. When the diagram is filled in it will spell out a quotation from some published work (reading normally from left to right, black boxes indicating the ends of words); also, when the words have all been filled in above, their initial letters will spell out the author and the title (or topic) of the quoted work. The acrostic feature, and the relative word-lengths in the diagram, will assist in the solution. Spelling and definition on the authority of *Webster's Deluxe Unabridged Dictionary*, Second Edition.

Solution to last issue's Trans-O-Gram. ISAAC NEWTON: Discovery: "I am but as a child playing on the sands by the sea. I have found a few pretty pebbles, washed by the spray, but beyond me, unfathomed and unexplored, lies the great ocean of whose depths and mysteries I know nothing."

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ON THE RIGHT / Wm. F. Buckley Jr.

Las Vegas Fever

NEW YORK, APRIL 23

The audience was large (1,500) and responsive, and the occasion in part ceremonial. Professor John Kenneth Galbraith had debated with me on that campus (University of Las Vegas) 15 years ago, and we were now invited back to tune the audience in on how we thought things had gone since. I conjugated the usual case against government expansion and government intrusion and government taxation; I managed an appreciative plug for Mr. Galbraith's new book (*The Good Society*), officially published on that very day (fine reading, reactionary thinking), and now it was his turn at bat.

His talking drew routine appreciative handclaps and other indications of support from most of the audience, but then he said something that brought the house down. "I can't understand how someone who claims to object to government action should encourage government to get in the way of a woman's right over her own body." The house went wild with cheers and delight. When the mike came back to me I told the professor with only a half-smile on my face that that was probably "the silliest" observation he had ever made in a full and productive lifetime.

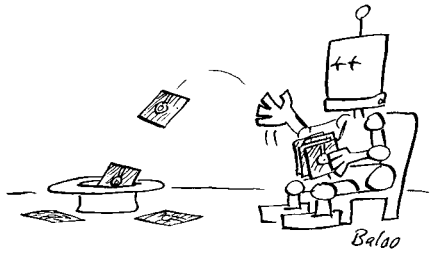
The audience was now sullen, but not mutinous. Tacitly, they agreed to listen.

The role of the government is to protect human rights. The great controversy today reduces quite simply to the question whether there is a third party after conception, effected by the man in the womb of the woman causing gestation of—what? That is the question. To quote from a letter printed in these pages only a few weeks ago, either it is a fetus en route to birth—a human organism—or it is a tomato.

What astonishes pro-life advocates is the refusal of so many, e.g., Professor Galbraith, to be guided by the hypotheticals in the discussion. If there are three parties, as biological objectivity would appear to certify, then the argument focuses on the extent to which the third party is entitled to protection. One view is: Totally. Another view: Not at all. In between there is the view that what began as a tomato after six months or so becomes more human than vegetable and only then entitled to protection. The big debate last week when President Clinton vetoed the partial-birth-abortion ban was engaged by Cardinal Hickey when he described the procedure that Congress sought to forbid as "one-fifth abortion, four-fifths infanticide." At the turn of the nineteenth century, there were those who opposed slavery on the grounds that blacks were human beings. As a percentage of the population, the abolitionists were fewer than those who now believe that fetuses are human beings. That does not mean that there will be a parallel development in thought and that a half-century from now an American Supreme Court is going to pronounce an Emancipation Proclamation for all fetuses. It does mean that, arguing back then with an abolitionist, it wouldn't have furthered intelligent discussion simply to say that Negroes were tomatoes, so what role has government to play?

The loud objections to the Catholic cardinals who reproached President Clinton for vetoing the partial-infanticide measure are similarly difficult to understand. There are plenty of reasons for despondency among the Catholic faithful over the energy many bishops have shown in advancing ideas about economic policy, proscribing nuclear deterrent forces, specifying correct penological sentences. Objections derive from the sad conviction that some of the bishops' statements rest on half-baked analyses of data tendentiously assembled.

But the bishops are striving to act on their moral intuitions, which is quite right, so long as these do not contravene what once was called the *depositum fidei*, the central deposit of the Christian faith. One does not easily recall a protest from secular organizations over public-policy declarations from the bishops or cardinals, but suddenly we are supposed to be indignant when the cardinals denounce the legitimation of what they see as the killing of infants. That is what a camera sees, by the way, and maybe the Rodney King cinematographer might lend his services to dramatize atrocities much more frequent than the harassment of black speeders on Los Angeles highways.



We are coming quickly on a derivative philosophical question which will require keen eyesight for close examination. It is of course euthanasia. Here there is no question about third parties, or second parties. John (or Jane) wishes to end his/her life. It is his/her life, not . . . whose? But the tradition is very firm, and as of day before yesterday the laws were very firm: to extinguish that life is unlawful. There is nothing you can do about the man who jumps off the bridge, but you are supposed to punish the person who expedites his suicide. Will that concern be a laughing matter in Las Vegas day after tomorrow? □

Sheer Chutzpah

NEW YORK, APRIL 19

I first laid eyes on television at age 19, a man-of-the-world Infantry second lieutenant reduced to administrative work because the Emperor had surrendered. I dined most nights with an aging uncle and aunt who had an impressive black-and-white television set about the size of my computer screen. There was not very much to look at in 1945, but my uncle, a retired lawyer and a scholar, would never miss a wrestling match, and these came two or three times every week. I would look at him with amused condescension as he egged on this hunky man or the other, roistering in the drama. It wasn't until I had looked in on several of these that, calmed down to have dinner, he mentioned nonchalantly that of course the wrestlers were faking it.

This did more merely than take me by surprise. To begin with it was hard to believe, except that Uncle Claude knew everything so it had to be as he said. My first reaction was extreme indignation, of a kind only a teenager can really generate. The very idea that two men should go out there feigning a fight to the death while apparently everyone over 19 knew that the whole thing was a charade. I was upset both by learning that the wrestling matches were simply histrionic exercises, and by confronting the fact that even knowing this, the audiences nevertheless tuned in. I did not accost my uncle with the apparent pointlessness of watching such a match because to have done so might have suggested I thought him senile, which was far from the case.

The same disillusion crystallizes on the broad capital front. It is hardly on the order of a great discovery to know that politicians are frequently guided by ambition. Politicians need to be aware of the political warp and woof of democratic practice. When I was a college student an

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illustrious professor of political science brought to his classroom one morning a dour elderly man dressed in dull blue, his sparse hair neatly splayed over his forehead. He was the Mayor of New Haven, invited to acquaint the class with municipal government.

Mayor Celentano got right to the point. He opened his briefcase and withdrew a packet of letters. "These," he said, "are this morning's mail. I'll open that mail in front of you. That will give you an idea of what my responsibilities are." He proceeded, with little gold scissors withdrawn from a vest pocket, to open 24 pieces of mail. Twenty of them contained parking tickets. Since the mayor didn't smile, we didn't smile, not on the outside.

But that kind of thing is now done on so grand and systematic a scale. Once again, resentment rises less from one's inside knowledge that the wrestlers are phonies, than from the fact that knowing them to be such, we tolerate it. I mean, tolerate the President of the United States and his blatant manipulations designed to effect his re-election.

Time magazine, in its April 22 issue, gives us several illuminating and dismaying pages in which is analyzed the strategy of Bill Clinton to win a second term. What is required of him is fine rhetorical performances commemorative in character (where possible), as in his eulogy to Ron Brown, and his elegy for the Oklahomans killed a year ago by the terrorist explosion, and transcendent sound-bites after shaking the hands of emperors and such.

That gives us President Clinton, Great and Sentient Statesman, Concerned for All Mankind and Observant of All That Goes On in the World.

But there is then the nitty-gritty of the campaign, and *Time* does a nice job of singling out examples. E.g., Long Beach, California, "$16 billion to buy 40 C-17 transport planes from McDonnell Douglas." San Francisco: "$1.1 billion to extend the rapid-transit system to San Francisco airport." East St. Louis, Illinois: "$295 million to extend the light-rail system." And then my favorite: San Diego: "$13.7 million to dredge 7 million cu. yds. of sand out of San Diego Harbor to make room for three aircraft carriers, and then pump the sand onto the city's eroded beaches."

What galls is less the pork than the public knowledge of it. It is as if you and the wife were taken to dinner and the theater, and on the drive home the host detailed what he expected of you in return. There is an extraordinary insouciance written into the business of streetwise cosmopolitan reporters and editors writing in a national magazine about the utter abuses of the President of the United States in full knowledge that advertising what they are will by no means generate resentment in the citizenry. In a better world, such events as are routinely reported by *Time* mag would have got *Time* the Pulitzer Prize and generated bipartisan anti-Clinton citizens' committees in California and Illinois.

But no. We are not to get in the way of the fantasy world of disinterested public service and democratic probity. Bring on the next wrestler, and tingle with the excitement of it all. □

Are the Germans Guilty?

NEW YORK, APRIL 16

The new book that insists that the vast majority of the German people were exterminationist in word and deed (the title of Daniel Jonah Goldhagen's book is *Hitler's Willing Executioners*) is more merely than historically depressing. It is bad enough to be asked to believe that the huge majority of the German people were aware of Hitler's enterprise. It is horrifying to meditate on the question: How safe is it to assume, if that were so in 1938–45, that its equivalent isn't reposing in the minds and hearts of other cultures right now?

Professor Goldhagen's thesis will be disputed by other scholars, given that he is not everywhere furrowing fresh historical ground. His thesis is that the anti-Semitism of the Germans was so deeply rooted that they had no problem at all in going from what he calls the "eliminationist" stage (let us get rid of the Jews) to the "exterminationist" stage (let us get rid of them by slaughter).

There are, to say the least, some very rough edges in Mr. Goldhagen's thesis, among them that in describing the indifference to slaughter evidenced by the Germans when they conquered Poland he seems to be talking about an undifferentiated impulse to slaughter. It didn't seem to matter whether the victims were Jewish or non-Jewish, any more than it seemed to matter what was the attachment, religious or ethnic, of the hundreds of thousands (millions?) of East Europeans and Ukrainians murdered at both ends of the German invasion of the Soviet Union. If an entire population is inflamed with the lust to kill, how much does it matter who the victims are, except to those who wish to come up with a vague schematic handle for justifying an antagonism? At an academic level, researchers have written about those terrible years without concluding that the German people were empathic collaborators, let alone participants in genocide. At a personal level I am a friend of a German expatriate (he left Germany twenty years after Hitler) who even as a boy was given to sharing his father's necessarily concealed hatred of the Führer. My friend's trade (in retail) keeps him in common touch and he reports—frighteningly—that he has encountered more anti-Semitism in America than ever he did in Germany. If this is so or even nearly so we have reason to question the most basic claims of civilization.

It is a haunting question, and reduces to microcosmic measure. Mr. Goldhagen would have us believe that many, perhaps even a majority, of those killed in the years he writes about were killed by single bullets. Science came along with the extermination process, which could take care of hundreds at a time. But the support system even for extermination camps was extensive, hundreds and thousands of executioners, suppliers of lethal materials, barbed-wire manufacturers and installers.

But how widely was news of the enterprise known? The evidence is everywhere sobering. When Mao Tse-tung promulgated his Cultural Revolution he was able to count on the approving roar of the mob, which included sons and daughters of those proclaimed to be enemies of the people and therefore fit to die. In Cambodia they did have machine guns, but they did not depend on weapons of corporate death: there were enough individual peasant soldiers willing to kill one and one-half million of their brothers and sisters. In Rwanda–Burundi we think of tribal antagonism as generating the impulse to the killing of a half-million, but what is it that causes that tribal antagonism to go to genocidal extremes? Why does the Serb so despise the Muslim as to go to lengths one would never suppose a California Anglo would go to against a Hispanic?

Few of us have reviewed inflammatory anti-Semitic literature published in Germany during the twenty years before the Holocaust. But of course it exists, Hitler's own manifesto being of primary importance. There is anti-black (and anti-white) material published in America. We are all absolutely fatalistic about, if not acclimated to, episodic violence traceable to race and religion, but it is incomprehensible, if not inconceivable, that the kind of thing we have could develop into genocide.

We have a considerable stake in hoping that Professor Goldhagen has himself committed sociological genocide. You cannot exaggerate the terrible implications of ethnic hostility. But if it is true that almost the entire German population actively contributed to what happened in mid-century, then no minority, anywhere, is safe. □

(Universal Press Syndicate)

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THE GIMLET EYE

JOE BOB BRIGGS

"WHAT you been doing?"

"Partying."

"What you gonna do this week?"

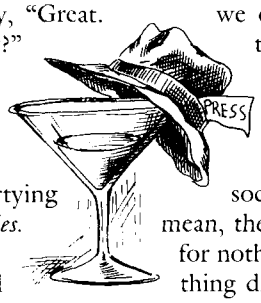
"I don't know. Party."

"Wanna go to the movies?"

"Naw, I think I'll just party."

You got friends like this? People whose whole life revolves around the word "party?"

But if you were ever to say, "Great. Let's party. Where's the party?" then they would have to say, "There's not any party, man. We're just gonna, you know, *party*."



So there's a whole lotta partying going on, but *no actual parties.* But when did the word "party" start meaning "I think I'll sit around and get drunk and watch TV, and maybe later some other people will come over and sit around, and I can bum cigarettes off em"?

In the Sixties they had this phrase they'd use, "wild party." It was hip. It meant drugs, booze, and those ladies in the silver mini-skirts who got wasted and danced nekkid in the moonlight on Fifth Avenue terraces. Every Sixties comedy has a "wild party" scene.

Then party became a verb: "Let's party."

Then party became a word used by hookers: "Would you like to party with me?"

Then it became a sorta kinda sometimes sexual invitation, as used in singles bars: "We were thinking of partying later."

Then, in the Eighties, it became a different word for guys and gals. Girls say, "Let's party," and they mean, "Let's dance." *Music* is necessary. There is no party without music. But when guys say it, they mean, "Let's get drunk and/or stoned and *watch* the girls dance." So music isn't absolutely necessary, but it helps.

And now, in the Nineties, it means "I don't have anything to do. I'm bored."

"What are you doing tonight?"

"Party."

"Oh, we did that last night."

"I can't think of anything else."

"Okay, we'll party. But tomorrow night let's *do* something."

In other words, "party" now means, "I'll get a six-pack. Anybody want pizza?"

So I guess my question is: How did we end up with a country that thinks about parties all the time but is too lazy to actually put on a plastic hat or spin a noisemaker?

Partly it's the popularity of social dope consumption. I mean, they didn't start calling it dope for nothing, did they? There's something different about a party full of dope consumers and a party full of, say, hard-core Scotch drinkers. The two groups can be equally obnoxious, equally out of control, but I prefer my drunks to remain awake and lively, not dead-eyed and drooling.

And while we're on the subject of the decline of parties, I have to ask:

Why can't anybody make a martini any more?

What's happening to the world?

When did we lose our old values?

More important, is a world where nobody knows how to make a martini worth living in?

I would say that only about one in eight professional bartenders can actually make a decent martini. Ninety per cent of martinis—including those poured in some of America's finest hotels—are either bitter, or watered-down, or hot. I know this because I keep ordering them, no matter how many *disgusting*, *sloppy* martinis I'm served.

Twenty years ago there were people who took such care in making martinis that they would throw out a whole pitcher if they accidentally "bruised the gin." Today you've got bartenders that'll do the rumba with that reinforced-steel martini shaker and then pour the thing before it's chilled.

And why do they always pour it right up to the brim of the glass, so that you have to do this balancing act when you pick it up and try to slurp some of it into your mouth before it dribbles all over your tie?

Listen up. A martini glass is an architecturally *unstable* structure. It will *wobble*. That's why you have to leave at least one-fourth of an inch of space between the surface of the martini and the brim of the glass.

Why do I have to explain these things?

ABOUT two weeks ago my friend Andy mixed me a tremendous martini. A world-class martini. The kind of martini that inspires epic poetry. And after he served it to me, he said, "I don't get much request for those any more."

I said, "You can make *that* level of martini, and you don't get requests for it? If martinis were an Olympic event, you'd have a medal every four years."

And Andy proceeds to tell me that he's been using the same bottle of gin for over a year. When he entertains, nobody ever asks for a martini.

Do you know what they *do* ask for?

Perrier.

Lite beer.

White wine.

Presumably so that whatever they just consumed in the bathroom won't be too much affected by actual spirits.

I looked at Andy. He looked at me. We exchanged a look that said, "Civilization has passed away, has it not?"

A few nights ago I watched that great Robert Wise horror movie, *The Haunting*, from 1963. And there's one scene that's stayed with me ever since. When the supernatural researchers all assemble in the haunted house, Russ Tamblyn asks them if they want a drink. And then he brings them four *perfectly poured* martinis. He doesn't even ask whether they *want* a martini or not. He *knows* they want a martini.

Because they lived, you see, in the Golden Age. They lived in the age when "party" did not have the secondary meaning of "coma." □

Mr. Briggs is a syndicated columnist from Grapevine, Texas.

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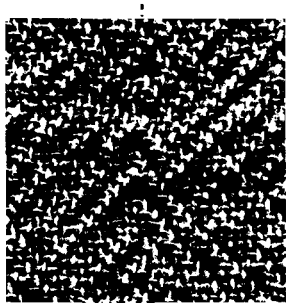

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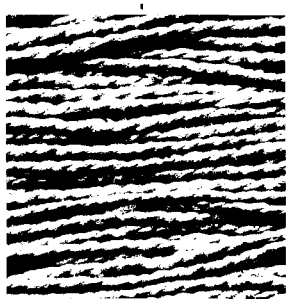

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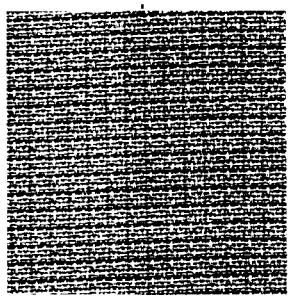

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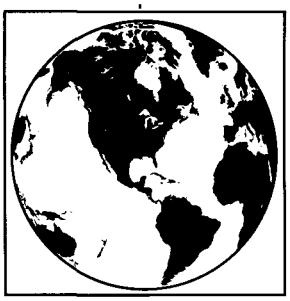

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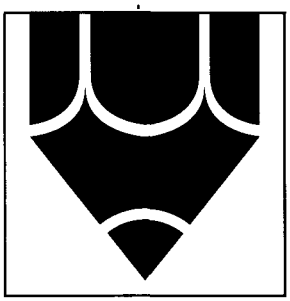

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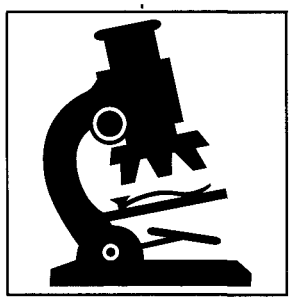

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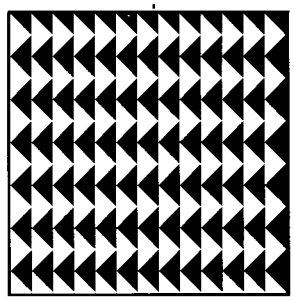

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